

BUILDING BUSINESS

From high heels
to work boots

07

How to price your
jobs to make a profit

11

New year,
new ute?

21

Beware of the word
"indemnity" in a contract

33

Highlights

Is the LBP scheme working?

03



In this issue

LBP NEWS

Is the LBP scheme working?

03-05

BUILDING BUSINESS DEALS

Power tools

06

INDUSTRY TRENDS

From high heels to work boots

07-09

BUSINESS MANAGEMENT

How to price your jobs to make a profit

11-13

BUILDING BUSINESS DEALS

Smoke alarms

14

FRAME & TRUSS

MiTek NZ training series

15-16

BUILDING BUSINESS DEALS

Abrasives

17

FISHING

What is it with big snapper?

18

INSURANCE

Commercial vehicle insurance

19-20

WORK VEHICLES

New year, new ute?

21-22

COMPLIANCE

Is that new product you're using up to code?

24

APPRENTICES

The apprentice diary: entry#7

29

LEGAL

Beware of the word "indemnity" in a contract

33-34

BUILDING BUSINESS DEALS

Bitumen waterproofing membrane

35

HIGHLIGHTS

From high heels to work boots

P07

How to price your jobs to make a profit

P11

What is it with big snapper?

P18

New year, new ute?

P21

The apprentice diary: entry #7

P29



Building Business contributes towards your LBP skills maintenance requirement. Ensure you log this into your ITM diary or the ITM App today.



LICENSED BUILDING PRACTITIONERS

Is the LBP scheme working?

It's been ten years since the LBP scheme was launched, and despite early criticisms, it is now firmly established, giving builders a genuine mark of credibility and customers a much stronger sense of assurance and accountability.

But how well is the scheme working and what effect is it having on the business of building? We spoke with LBP Scheme Registrar Paul Hobbs to get an idea of how things have panned out over the last decade.



Paul Hobbs - Registrar Building Practitioner Licensing

A question of accountability

Primarily, the legislation was written to provide accountability, traceability and a standardised level of competence across the various trades and design classes that we licence. It means that consumers can engage a tradesperson knowing they have the skills and knowledge to carry out the restricted building work they do.

Is it working? Certainly there has been huge progress, but it's worth remembering that it's a progressive thing. When you look at equivalent schemes across the building industry sector, the LBP scheme is the youngest by a long way.

For example, electrical workers were licensed in the 1920s, whereas it was only in 2012 when the LBP scheme really came into effect with the introduction of the restricted building work legislation.

The LBP scheme has strong consumer recognition, which continues to grow, and builders and tradespeople generally are becoming more conditioned to having an occupational licence regime.

Common complaints

One of the great things is that licensed building practitioners are traceable; an LBP number is like an IRD number – it's for life. It doesn't matter where you work or even if you have several businesses over a number of years, you only ever have one LBP licence.

If a customer has a concern about the conduct or behaviour of an LBP, they can lay a complaint. And we've seen the number of complaints increase steadily year on year.

Three years ago, there were 113 complaints. The next year, it went up to 193 and in the last financial year, there were 217 complaints.

It seems to be levelling off so we think that this is probably the new "normal". Some of the complaints are about misdemeanour offences; others are a bit more serious.

The people we are most concerned with are the recidivist offenders that are knowingly doing stuff wrong on a regular basis, and not the people who have made an honest mistake.

Of the 217 complaints that went to the Board this (financial) year, 121 individuals were disciplined. And of course, that is reflected on the LBP register.

So when you click on their landing page, you will see it – it's a mark on their licence which potential customers will see as a red flag, so it's a really strong deterrent.

Supervision the big issue

By far the most common complaint we get is about misunderstanding the way records of work should be issued, and while it's not serious, it can cause a lot of unnecessary problems along the way.

So there's some work there to be done in getting those things right and that's mostly about education.

Another common complaint relates to poor understanding of the requirements of supervision.

If you're doing simple work with skilled people doing it and you've seen them do the same work many times over, then you can take your foot off a bit, you can apply a lighter touch.

But if you have unskilled people doing fairly complex work, then you want to be in direct supervision mode as opposed to supervising remotely.

We've recently released a supervision practice note that clarifies the roles and responsibilities of LBPs who supervise others' work.

Pressure to build faster

The building industry is very busy and there's a shortage of skill labour and that environment leads to obvious problems. Unfortunately, your excuse that you were too busy won't cut it.

Because there's an abundance of work, people get exposed to work they might not have done before.

For instance, a successful builder specialising in stand-alone houses might get an opportunity to take on a multi-unit townhouse project.

If he wins the bid, he has to quickly take on three extra guys and suddenly there's all this supervision that has to happen and the builder hasn't enough time to do it properly.

If you're a small team and you're expanding by taking on more projects and more people, you have to accept that you need to provide more oversight. And if you don't provide that oversight, work quality is going to suffer and there will be problems with the consent process and inevitable delays with project completion.

Not only this, but where builders aren't adhering to the Building Act when carrying out their work, they can expect to be held to account by the Building Practitioners Board.

Unskilled workers

Because of the pressure to build and shortage of skilled labour, we're seeing more hammer hands, more semi-skilled or low skilled workers on site, and that's when the need for supervision is greatest.

According to the latest construction pipeline report, the building industry is going to be busy right through until 2022.

Regionally, we can track how many consents are issued compared with the number of LBPs in any given area. In Auckland for example, there are far fewer LBPs per consent than in any other place in the country.

Of course there is more building activity in Auckland than anywhere else, and the issue of lack of supervision is being reflected in the number of complaints we get.

She'll be right

As an LBP, you can either do the job yourself or supervise others, but you're equally accountable in both cases if the job doesn't comply.

Skills maintenance requirements



LICENCE CLASS		ACTIVITIES YOU MUST DO		PLUS ACTIVITIES YOU CHOOSE
		READ CODEWORDS	ON-THE-JOB LEARNING	POINTS REQUIRED
BB	C	Yes	Yes	12
EP	F			
	R			
D	S	Yes	Yes	15
D	S	Yes	Yes	18

There's a group of LBPs that are by nature not good information seekers. They know sometimes they're doing something that's not right, and there may be some doubt over compliance, but still they proceed.

We've had cases where someone has told someone else that yes, there was consent for the work, and while they've questioned it, they haven't followed it up. Then the council gets onto it and the builder gets stung for commencing work without a consent.

Another familiar theme we see in the range of complaints we receive is that there is often a strong link to the contract going wrong.

People aren't administering the contract well and so when things go wrong, they start looking for grounds to lay a complaint against the LBP, but the real problem is that the contract has gone wrong.

Changes coming up?

It's worth pointing out that the major focus for the LBP scheme going forward is to ensure that our builders and tradespeople keep their knowledge up to date. A lot of our activities are based on providing information and education.

Over time, things change and there's new stuff coming on the market all the time. The LBP's core competency wouldn't change, but if a building

standard is changed or we've changed a method of compliance, then the builder needs to be fully aware of the changes.

We are collaborating with a number of building related organisations and publishers to make sure builders are provided with the latest information in a timely manner.

We're highlighting significant changes that might affect them. We're not trying to sell them anything; we're just trying to get the right information into their hands.

We made some changes to the skills maintenance model in 2015 after consulting with industry groups, the NZCB, and Registered Master Builders associations, the BCITO and others. We simplified the points system to make it easier for specialist trades and people in outlying areas to achieve their LBP targets.

Those changes were well received and at this stage, we're not planning to make any other significant changes.

Having said that, we are always reviewing things, listening to feedback and looking for ways to make things better. The industry is changing all the time and it's important that we keep abreast of those changes for the benefit of our members and the public at large.

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- High-tech magnesium gear case and guard reduces weight and improves strength
- Rugged alloy base
- Carry case



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Brushless 18V Rotary Hammer (bare tool)

#DH18DBLNN

- 3 mode action: rotary drilling, hammer drilling or chiseling
- High performance brushless motor
- 26mm masonry drilling – SDS+
- Fastest drilling speed in its class
- Battery not included



Bonus #751024
5 piece SDS+ Drill Bit Set

BONUS

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- Brushless Impact Drill (DV18DBL2)
- High torque of 136Nm
- Brushless Impact Driver (WH18DBDL2)
- Triple hammer design for 207Nm of torque
- 2 x 6Ah batteries, rapid 38min charger and stackable system case



BONUS

Bonus #728699
35 piece HI-TORQ
Impact Rated Bit Set



\$810
EXCL GST

HITACHI

18V Compact Brushless Impact Drill & Impact Driver Kit

#KC18DBSL(GC)

- Compact Brushless Impact Drill (DV18DBSL)
- Powerful 70Nm hard torque
- Compact Brushless Impact Driver (WH18DBSL)
- Powerful 175Nm tightening torque
- 2 x 3Ah compact batteries, charger & case



BONUS

#115006
45 Piece Drill & Driver Bit Set

\$515
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HITACHI

18V Brushless 6-Tool Combo Kit

#TSK176

- Brushless 136Nm Impact Drill (DV18DBL2)
- Brushless Triple Hammer Impact Driver 207Nm (WH18DBDL2)
- Brushless 125mm 'Safety' Angle Grinder (G18DBALNN)
- Brushless 165mm Deep Cut Circular Saw (C18DBALNN)
- Brushless Sabre Saw (CR18DBLNN)
- LED Torch & Worklight (UB18DJL)
- 2 x 6Ah batteries, rapid 38min charger & worksite tool bag

Bonus #402153
12 piece Sabre
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07

INDUSTRY TRENDS

From high heels to work boots

How does a mother of three suddenly switch careers from glamorous international flight attendant to apprentice builder? Why are there more and more females working in building trade stores? Is the NZ building industry being feminised?

Building is for blokes and that's the way it's always been. Right? Not any more. A transformation is under way with more and more females entering the industry.

At ITM, there are more women working on staff than ever before. The ratio is around 35%, up from 20% five years ago. Many are in management positions. More than 15% of ITM stores are managed by women, and the trend is gaining momentum.

From flight attendant to builder

Formerly a personal assistant to high-level executives and an international flight attendant with Air New

Zealand, Angeline (Ange) Johns has taken on an adult apprenticeship to become a qualified builder.

She's given up the "lipstick, make-up, beautiful nails and clothes" for a down-to-earth wardrobe and a job that involves mud, dust and tough physical work.

"I enjoy what I'm doing now because it's different every day," says Ange. "My dad was a bit of a handyman and I've never been shy of doing things around the place. I'll always give it a go."

[CONTINUE >>](#)

How did she get a building job?

Ange and her husband were building a new home in Auckland and Ange decided that she wanted to help with the day-to-day work on site. The company doing the job was Paul Thorowgood Builders.

Says Paul: "She's very good at organising, plus she's really good on the tools as well. I was totally surprised at her skill set which is amazing.

"She's very detailed and organised, and I'm like that in my work too. And when you find people with like minds, they fit in really well. So you just grab them and don't let them go."

Ange recalls: "We were having a bit of a chat one day, and I had just left my previous job and wasn't quite sure what I wanted to do. Then Paul said off the cuff, hey why not come and work for me?"

How do people react?

"My friends know me; I'm always willing to give something a go. My family are totally fine with it. I have a lot of tools, and one of my sons, he said 'like, oh my gosh I've got two dads now'. We had a laugh. I guess I'm not like a typical mum.

"With my daughter, it's opened her eyes to the fact that she can do anything she wants, and that's tremendous. If she did want to go into the building industry, I'd support her 100%. There's a lot more acceptance of women in the trades and there are great opportunities.

"I got on pretty well with all the guys on site straight away. I'm not shy; I was brought up in a family of boys. I can give as much as I get. If you're going to be precious about silly things, you're in the wrong industry."

What the boss thinks

"When I saw her in action, I pretty quickly found out how savvy and how good she is thinking on her toes," says Paul. "I can see how much she's enjoying it.

"Ange will do any job without questioning. She can be up to her armpits in mud happily slopping out a hole with concrete coming, whereas you get some of the young fellas and you need to give them a bit of a nudge.

"My clients love that we employ women. We deal a lot with women as they tend to be the driver behind improving the family home.

"She just gets there and gets in amongst it, and she's good fun to boot. Tradies, subbies, reps, they all treat her just like any other person on the job. The thing is she has proven herself so many times in so many different aspects of the job. She's a pretty awesome person full stop. They broke the mould when they made her."



Career path

So what's the long term plan?

"Being older I think I've got the 'can do' attitude and will try my hand at anything. Even training as a flight attendant you had to lift a 20-kilo box over your head, so I don't have any issues with heavy lifting. In any event, we always work in teams to there's always someone to help.

"Long term, I see myself definitely staying in the building industry, but maybe I'll branch out into other areas such as being a BCITO Training Advisor or a Building Inspector. There are heaps of opportunities, but right now, I'm totally happy we're I'm at. I love my job."

She'll see you right

We spoke to a number of female ITM store managers around the country to get their perspective on women in the building industry.

We are very good at organising things

I've grown up in the family business, and when I was at school I worked in the store on the weekends. When I left school, I joined up pretty much straight away. There are nine employees in our store, and four of them are women.

Funnily enough, I find a lot of the builders tend to gravitate towards the women when they're looking for some advice about building products. I think women in general seem to have a better eye for detail whether it comes to the bathroom or cladding.

Quite often when a builder phones and one of the guys takes the call, they'll often specifically ask to talk to one of the females for that reason.

My friends, a lot of the kids I went to school with, they think it's cool that I'm working in the building

industry. A few years back, it just wasn't an option; you just never thought about it as a career choice.

I would definitely encourage other females to get into the industry. I think we are very good at organising, plus we pay greater attention to detail; I think that's why we do so well in this business.

Some people think that I don't know anything because I'm so young, and I'm a female. But once a builder gets to know me, they know they can trust that I'm going to get the job done and I'm not going to forget the little things.

Rachel Basher - Basher's ITM

You're a woman, what would you know about building?

I've been with this company 20 years and in the early days, it wasn't uncommon for builders to come in the store and they'd look at you and you'd see them saying to themselves 'you're a woman, what would you know about building work?' They'd walk right around you and look for the closest male.

But now it's a completely different story and women are totally accepted in the industry. If you look at all fields of construction now – pre nail, digger drivers, truck drivers, block work, builders, painters, plumbers – there are women in all fields, whereas up until around seven years ago, it was almost unheard of.

We have two other women working here in our store and they're fully accepted by our customers. They have faith in that yes, we can answer their questions.

Wendy Fish – Western ITM Kumeu

Often, the guys make a beeline to the female staff

I've been in retail 24 years, seven of them at the Warehouse Group as a buyer for underwear, socks and hosiery, so it was a big change to move into the building industry with no background in building.

There have only ever been a couple of instances in the last 10 years where I have been ignored because I'm female. Their attitude was, 'well you couldn't possibly know that.'

Of our 21 staff over two stores, there are now seven females and the ratio is definitely increasing in favour of women. We have found that a combination of a male and female on the counter really helps our business. Often, the guys make a beeline to the female staff, especially when they want paint or kitchen or bathroom fittings and such like. In fact, after studying the dynamics in both stores, we'll always try to have a male and female on the counter where possible.

Danielle Moa - Far North ITM

It keeps the guys a little more in line

The locals we've dealt with for years have been great, but a few new people coming into the store are surprised to see a female manager.

I do remember one instance about eight years ago when this customer came in and he refused to talk with one of our female staff. She was really good, she knew her stuff, but he just wouldn't let her serve him, no way.

But it doesn't happen anymore, our customers have confidence in dealing with our female staff knowing they can multi task and have attention for the detail especially in the trade department. I was the only female here when we opened the store in 2004 and now, females make up about 35% of our staff and that number has been growing steadily.

I know of two female builders who work for clients of ours. They're very highly regarded. One works for one of our shed builders and he thinks it's great, she is extremely capable, it keeps the guys a little more in line and they don't push the boundaries as much.

Another builder, had a foreman that was a female and she was great, very organised getting the materials. A lot of builders ring up and want it there and then whereas females seem to be able to organise things a little bit better and give you reasonable notice.

Faye Saunders - Darfield ITM



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How to price your jobs to make a profit

Price too high you might lose jobs to your competitors. Price too low and you'll struggle to get a good cashflow coming in. So what's the safest way to set your price?

Chris sits nervously waiting for Alex his Accountant to report if it was a successful year this time. Or whether, despite his best efforts, he is still looking for the elusive "extra profit."

Chris really worked hard and was proud to have finally hit the two million dollar mark for sales.

But deep down, in his gut, he's just a little worried.

The bank account has been a bit tight lately.

Some of our clients have been shopping around. Comparing prices with other competitors. I've had to sharpen the pencil a few times.

There were also a few surprises on some jobs I suspect we lost money on.

But hey - we've been really busy... So with all the extra work, it should make up for it - right?

Alex puts on his accounting voice; not a great sign. "I see you've billed a lot more this year. In fact 32% more. That's good. But I see your margins have slipped."

Okay, so what does that mean?

"You've made another \$10,000 extra profit compared to last year, but that's it. I think you might be pricing too low on your work."

Bugger. Those extra guys I took on last year. And all those late nights and weekends. With nothing to show for it but a measly extra 10 grand!

Chris heads home angry, frustrated and discouraged.

I can't do another year like this. There has to be a better way.

CONTINUE >>



If this sounds all too familiar, the first place to start is with your pricing

As a builder or contractor, the labour allowance you include when pricing jobs (made up of the number of hours allocated to the job - and the actual cost per hour) will be essential in determining how much profit you make this year. And also the long term success of your business.

If these allowances are too low, no matter what else you do, you won't be able to make good profits. A sign of this is that cashflow will always be tight, most noticeably at peak times during the month, and also when work starts to slow up.

You'll find yourself sweating it out. Hoping there will be enough money in the bank to pay staff and suppliers. Ultimately, you'll find yourself frustrated that profits are disappointing year after year.

Alternatively, if your pricing is too high, you could be losing too many jobs to your competitors.

So how do you work out your labour allowance accurately?

Some base their allowances relative to the experience and skill level of their team.

Or what they think the market will pay.

Others go on gut feel and adjust pricing according to how much work they have.

Some even guess what their competitors' rates might be and base it on that.

These are factors you should be aware of, but this is not the right way to price and will get you into trouble. Use these calculations instead:

1) Actual cost per hour calculation

To get this right, you first need to start with your actual costs.

Let's take a look at Jamie who has been working for Chris, as an example.

Jamie is a good reliable hard worker and gets the jobs done quickly and efficiently. Jamie works on average 40 hours per week at an hourly rate of \$20 per hour which is \$41,600 per year.

Chris believes Jamie costs \$20 per hour and some extras.

Here is a breakdown of actual costs for Jamie:

Jamie - Employee costs		
Jamie		\$41,600.00
Hours paid for the year	2080	
Per hour		\$20.00
Actual costs		
Salary		\$41,600.00
Kiwi Saver (3%)		\$1,248.00
Overhead costs (\$18 per hour x 2,080 hrs)		\$37,440.00
Cost		\$80,288.00
Actual hours worked		
Hours paid for per year (52 wks x 40hrs)		2080
Less public holidays (10 days x 8hrs = 80hrs)		-80
Less annual holidays (20 days x 8hrs = 160hrs)		-160
Less sick days (5 days x 8hrs = 40hrs)		-40
Less non-billable hours (20% of time at work)		-416
Hours		1384
Actual cost per hour		\$58.01

Overhead cost calculation: Costs that are not directly related to the jobs (ACC, administration staff, rent, office expenses, advertising, vehicle expenses, etc).

To calculate this accurately for your business, take all overhead expenses for the year divided by total hours spent on the jobs to get an hourly rate. This can range somewhere between \$15 - \$25 per hour, depending on the size of your company.

Non-Billable hours: Hours not directly related to the job itself (toolbox talks, training, health and safety documentation, onsite meetings, delays in start times and dates where your team is less productive, weather stoppages, material supply delays, etc).

Although Chris initially thought Jamie cost \$20.00 per hour + extras, to his surprise the actual costs are \$58.01 per hour.

2) Number of hours allocated to the job

Estimating accurately how long a job will take is also essential to making profit. Every hour worked over the estimated time eats into profit.

Unless hours worked are tracked against the estimated hours for each job, time blowouts are usually not seen (aka backcosting). This is often where tradies get tripped up.

As a business coach, many contractors I work with have significantly increased their profits by getting control of their hours worked on the job and quoting based on a newfound understanding of how many hours a job actually takes (as opposed to how long you think it takes).

So check times on every job compared against your time estimates to see how accurate you have been. Then use this history as a guide for quoting for new work.

Putting it all together: Mark up and Profit

Now that Chris understands his labour allowance,

he is in a better position to price the job. Here are the calculations:

Actual cost per hour per employee x number of hours allocated to the job = labour allowance

Labour allowance + materials costs = total cost

Total cost x mark up = total price to quote client

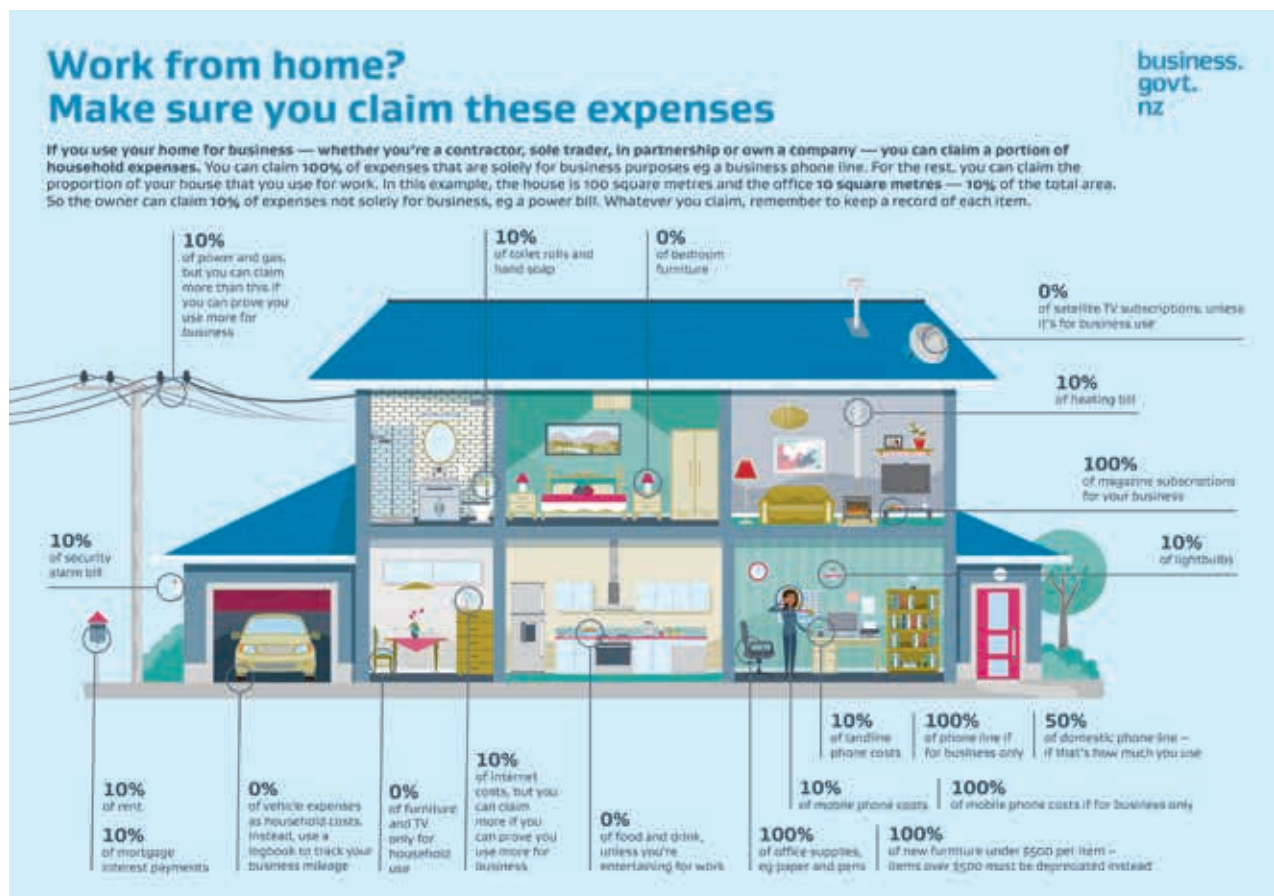
So start with actual costs and make sure you are pricing right – it will be the difference between being successful - or frustrated with nothing in the bank.

Once you allow for your labour allowance, check your mark up – is it enough? If it's too low, then it's time to starting increasing prices and making decent money.

If you need a hand with this, grab a free strategy session with me, and we will go through your situation to make sure you are pricing for profit. Go here: <http://successfultradie.co.nz/itm/>

by Daniel Fitzpatrick

Successful Tradie



SMOKE ALARMS



10-year Photoelectric Smoke Alarm

#CAV10

- 10-year long-life Duracell Battery
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- Quick and easy smart clip ceiling mechanism for installation
- Aesthetically pleasing
- Audio alert output of 85 dB(A) at 3 metres
- Intelligent test and 10-minute hush button

CAVIUS

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Wireless Family Photoelectric Smoke Alarm

#CAV5WF

- 5-year long-life Duracell Battery
- Connects with all CAVIUS Wireless Family alarms – when one alarm sounds, they will all sound
- AS3786 certified and NZ Building Code compliant
- Quick and easy smart clip ceiling mechanism for installation
- Audio alert output of 85 dB(A) at 3 metres
- Intelligent test and 10-minute hush button

CAVIUS

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EXCL GST



Wireless Family Thermal Heat Alarm

#CAVTH5WF

- Designed for the kitchen, laundry, garage, and workshop
- Connects with all CAVIUS Wireless Family alarms – when one alarm sounds, they will all sound
- Detects a rapid & constant increase in heat
- 5-year long-life Duracell Battery
- Quick and simple to install and set up
- Audio alert output of 85 dB(A) at 3 metres

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“Our builders just love this stuff; it can be used everywhere, and they can throw a few boxes in the back of the truck.”

Peter Glauser-Williams
G.J. Gardner Homes – West Auckland



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MiTek NZ training series - Part 1: The Mitek NZ Training App

Have you ever thought you should probably know a bit more about fixings and the timber truss and frame structure? This is the first part of a series of articles produced to help increase your knowledge of this crucial aspect of house construction.



The first place to start learning is The MiTek NZ Training App. The App contains product installation details, product training, industry knowledge tutorials and engineering made easy for fixing the frame and truss.



The MiTek NZ Training App was launched as a product installation and training aid for the on-site application of timber connectors and fixings. This quickly morphed into a multi-functional training tool for technical sectors of the

industry wishing to broaden their knowledge on simple engineering and durability of timber frames and fixings. It married up well with the hugely successful MiTek On-site Guide which has gained wide circulation in the industry. It's also available as an app.

Through 29 videos and a tutorial style presentation the MiTek NZ Training App covers the subject of timber truss, framing and fixings in product application, specification, simple engineering and regulatory controls in the timber truss fabrication industry. The net result is a training and technical reference which covers the whole skeleton structure of the timber framed house.

All the engineering is in the roof

Frames, trusses and fixings make up approximately 15% of the cost of the house construction. They are an important part of the whole building because most of the engineering in a house is contained in the roof and loads through the frame.

When the timber frame and truss package is brought to site it has been designed and manufactured to assemble precisely with the cladding, roofing and linings specified on the plans. This means the subject of timber fixing needs to be taken seriously in order to meet compliance with B1 structural and B2 durability of the NZ Building Code.



Specification for timber connectors has taken on a greater meaning in recent years because the drive to reduce cost through clever design of the frames has produced great results but an increased demand for specific fixing solutions using Lumberlok and Bowmac products.

The light timber framed housing standard NZS3604:2012 applies to frames. Trusses are an alternative solution and the videos in the app set out to explain this in greater depth.

Installation requires a modern builder skillset

Technology investment in frame and truss plants has come a long way in terms of product design and factory efficiency. Computer modelling has enabled frames and trusses to be produced millimetre

perfect and taken to site for assembly by builders. While some practitioners are nostalgic at the passing of stick frame construction, the majority of builders welcome and accept that the assembly skillset required today is different to what it used to be.

The training app sets out to offer assistance on selection and application of timber connectors. With a smartphone you're only a couple of clicks away from having access to a tool designed by the same company that also trains building officials and designers. With everyone working together the scope for error is vastly decreased.

Coming up in Building Business:

- February: Part 2 – Timber connections - What, how, where and why?
- April: Part 3 – The timber 'skeleton'- What's it all about?
- June: Part 4 – Framing matters - Truss engineering made easy.
- August: Part 5 – Truss, frame & connectors with modification.

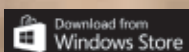


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What is it with big snapper?

Why does nearly everyone have a goal to catch a '20 pounder'?

There's so many wonderful fish we have in New Zealand; trout and salmon in the fresh, blue cod and groper down south, and there's kingfish and big game fish in more northern waters. All have their special attraction and dedicated anglers that call them 'their favourite' to catch or eat. But what is it with snapper, particularly big snapper that gets them to the top of the list for so many kiwis?

The '20 pounder'

I think it could be because there's a bench mark, the '20 pounder'. The imperial weight measurement of pounds is still the default measure for big snapper because it's been the benchmark for so long, and a 'nine point one kilogrammer' doesn't have the same ring to it.

So when you have a yard-stick of 20 pounds, you have a target, and apparently everyone has got a friend, relative or ancestor that has caught a 20 pounder, so there's a person to measure against and now we have a challenge.

Whatever it is about the big snapper, it has more people asking us to 'Hook them up!' with a 20 pound snapper than any other fish.

Equally the biggest moan I get from viewers is 'all you ever do is catch bloody snapper'. This accusation is false, perhaps they are thinking of some other shows, because we have a real mix of species, characters, techniques and locations. And we would have finished making the show years ago if we were not allowed to catch a species of fish more than once.



Two big Kingi's. Our Guest Troy Kingi with his first kingfish.



Hooked up on Great Barrier Island

On ITM Hook Me Up!, our mission is determined by our guests, and our recent guest Troy Kingi wanted to catch a big snapper, but he topped it up with a couple more kiwi favourites, a legal kingfish and a hapuku.

'Too easy!' I thought. So to make it more interesting and challenging, we took him to Great Barrier Island to catch big snapper and kingfish on baits in the shallows. We then target them on lures in the deep, then catch them off the rocks. We also pop out wide for the puka. This plan was to give Troy a different experience and some real variety for our viewers.



This snapper was caught while Matt was demonstrating how to strayline – can't argue with the result!

All of the how-to videos on rigs for rock fishing and stray lining have been uploaded to be viewed for free at ultimatefishing.tv. While we were filming a straylining how-to demo I accidentally caught a huge snapper in the shallows. This thing smoked out the line and ran me to ground but somehow I caught it. The buzz was every bit as good as any fish I've caught this year. I was frothing more than many of the recent swordfish we've caught, and I can't tell you why exactly, there's just something about big snapper.

Free on SKY GO

If you missed the latest episode with Matt and Troy at Great Barrier Island or any other episodes from this season, jump on to www.skygo.co.nz, register your details and catch up on all of the action. It's all free and you don't even need to be a SKY subscriber!

You can also check out the latest content online at ultimatefishing.tv

Tight lines!

Matt Watson.



Commercial vehicle insurance

Eight tips to getting the right cover for your vehicle and the best value from your policy.

1. Get your sum insured right: it affects your premium and what you'll get in the event of a claim

It's also the biggest source of dispute between customers and their insurer when it comes to claim time. Make sure the "sum insured" for your vehicle is set at an accurate current market value. This figure is what your premium is based on. It's also the lower of this sum insured or the actual market value at the time of loss on which any payout or repair will be based.

Setting your sum insured too high over the vehicle's market value means you'll be paying too much. But setting it too low means you're under insured. At renewal time get a valuation or try searching Trade Me Motors for a vehicle like yours of a similar age, condition and mileage. The sum insured is your vehicle's market value excluding GST.

2. Replacing your windscreen is painless

Replacing a broken windscreen is easy when you're insured. There's no excess or claim form to complete. Simply take the vehicle in to your nearest

Smith & Smith or Novus, along with the name of your insurer and policy number. We recommend you phone ahead with your VIN number so they can make sure a suitable windscreen is in stock. Most policies offer unlimited windscreen cover, however some are limited to one claim per year. Some cover all the glass in your vehicle, including canopies, while others won't.

3. Arrange insurance for new vehicles before you pick them up

You'll want to be insured as soon as you drive off the lot, but leaving it to the last minute could make getting it in time difficult. The best advice is to let your broker or insurer know in advance, so they can "hold covered" for you. If you already have cover in place on another vehicle the policy may include an "additions & deletions" clause. This means new vehicles will be covered for their market value as long as you tell your insurer within 30 days of the purchase (and there may be additional premium to pay). If you need finance, the dealership will want to see an insurance certificate before releasing the vehicle, another reason to have it arranged early.

4. Is your signwriting covered?

Some policies will automatically include cover for signwriting, but others will only do so if it is separately noted. Either way, we recommend you check to make sure it's covered by your policy and included in the sum insured.

5. Get back on the road while your ute is under repair

Adding a "loss of use" extension to your policy means you can hire a replacement vehicle while yours is being repaired. There are conditions, such as extra premium, a stand down period and maximum hire time, but the inconvenience of being without a suitable vehicle, or having to hire one yourself, could cost you more.

6. Check that all staff who may drive the vehicle have a license

Assuming the apprentice has a license just because they're old enough is not good enough. It's important for insurance purposes as it's a condition of insurance that any driver has your consent and is legally allowed to drive it, has a current license and is not breaching any condition of their license when driving it.

It's also sensible from a health & safety responsibility perspective. According to ACC "it is your

responsibility as an employer to ensure that any employee who drives any kind of vehicle is legally able to do so. That means they must have the right category of licence and it must be valid, i.e. it must not be suspended, expired or revoked."

It's also worth checking if your own license has expired too. You can't rely on a reminder from the Government and driving on an expired license may affect your insurance too.

7. Claims registered too late may be declined

Your insurer may decline a claim if you've taken too long to make it. Damage that occurred 6 months ago may be considered pre-existing and any further loss, such as rust that has set in, may not be covered.

8. Trailers should be insured as commercial vehicles

They're considered vehicles for the purposes of insurance and won't be covered under a tools or mobile assets policy. When connected to your ute a trailer may be covered under that vehicle's policy for damage that happens. But it's not covered for theft or when it's not connected to a vehicle. With some policies, such as Builtin's, trailers up to a certain value are included free with a commercial vehicle policy, but they must be listed on the policy.

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Builtin are New Zealand's trade insurance experts. For more information visit www.builtininsurance.co.nz or contact Ben Rickard at ben@builtin.co.nz or 0800 BUILTIN.

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Open possibilities.



New year, new ute?

Thinking of upgrading your work truck in the New Year? You're not alone. When things are good in the building business, there's usually an uptick in work truck sales, and that's certainly been the case recently. In fact, five of the top 10 selling new vehicles in New Zealand this year are utes.

Top of the top ten car sales list is the Ford Ranger, with Toyota's Hilux at number two, Holden Colorado number three, Mitsubishi Triton at number five, Nissan Navara at number eight, plus another popular work vehicle the Toyota HiAce van at number ten.



The Ford Ranger is NZ's top selling pickup truck.

NZ's top selling new vehicles

- | | |
|----------------------------|------------------------|
| 1 Ford Ranger | 2 Toyota Hilux |
| 3 Holden Colorado | 4 Toyota Corolla |
| 5 Mitsubishi Triton | 6 Toyota RAV4 |
| 7 Kia Sportage | 8 Nissan Navara |
| 9 Mazda CX-5 | 10 Toyota HiAce |

Decisions, decisions

So what's it going to be? 2wd or 4wd? Double cab? Brand new or second hand? Hire purchase or lease?

You can pay anything from \$30,000 to nearly \$70,000 for one of these new vehicles, depending on spec level.

And no matter how well your business is going, it's a big lump of cash, probably the biggest expense of your business if you're a sole trader.

So before you get carried away with glossy truck brochures over the holiday break, it's worth taking a step back and considering what you really want and how much it will really cost.

It costs what?

When you consider all the different cost components of owning a work truck, you could easily be forking out around \$9,000 a year (give or take) to keep it on the road. And that doesn't include any interest if you bought the rig on hire purchase.

Everyday costs like buying fuel, tyres, service, wof, rego and road user charges are easy to quantify because they're in your face on a regular basis. But it's the unseen costs that really bite.

What you don't see but feel

When working out vehicle costs, there are two separate factors that make up the total – fixed costs and flexible costs.

Flexible costs are day-to-day running expenses, which go up or down depending on how many kilometres you do. For example, if you're driving a diesel truck and doing roughly 14,000km a year (the average for kiwi vehicle owners) then everyday running costs will amount to a minimum of \$3,300 a year. Roughly \$63 a week.

Fixed costs are those that don't change. Things like insurance, wof, rego, interest costs and the big one, depreciation.

Ouch!

Vehicle depreciation is the largest contributing factor to a vehicle's running cost. A new vehicle purchased three years ago for \$30,000 would be worth less than \$15,000 today. So the vehicle is costing you an additional \$5,000 a year on top of the everyday running costs. Of course, depreciation costs are recorded as expenses against your income, so there are some tax advantages, which can vary depending on whether you operate as a business, partnership or sole trader.

If you have financed the vehicle, you'll need to add interest costs to the calculations. For example if you had financed half of the vehicle's cost (\$15,000) when you bought it, your interest costs would be \$1,500 (based on an interest rate of a 10%pa).

Flexible costs per year: \$3,300

(Includes diesel, road user charges and servicing based on travelling 14,000km per year)

Fixed costs per year: \$5,740

(Includes insurance, wof, rego and depreciation based on \$30,000 vehicle)

New or second hand?

Given that depreciation is the biggest factor in the cost of owning a vehicle, then clearly the more you pay, the more it costs every year.

A brand new \$50,000 vehicle will be worth \$25,000

in three years time, which effectively means it's cost you \$8,000 a year in depreciation alone. On the other hand, if you bought a second hand vehicle for \$25,000, your depreciation costs will be \$4,000.

But remember, an older vehicle will cost more to maintain than a brand new one.

Hire purchase or lease?

The two most common ways of financing a work truck are hire purchase or lease.

Hire purchase is pretty straight forward. You pay a deposit up front and monthly installments over a set period. You own the vehicle.

With an operating lease, you are essentially "renting" the vehicle for a monthly fee over a set period, usually 3 years. With an operating lease, you don't generally pay a deposit, but only pay the first

month's rental in advance. So the up front cash outlay is much less.

While you don't own the vehicle straight away, you will usually be able to buy it at the end of the lease period for an agreed cost, adjusted for depreciation.

Which option suits you best is something to discuss with your accountant.

What NZ's top selling work trucks cost*

Ford Ranger \$36,040 - \$69,640

Toyota Hilux \$38,290 - \$65,290

Holden Colorado \$39,990 - \$62,990

Mitsubishi Triton \$34,790 - \$59,490

Nissan Navara \$30,400 - \$67,990

* Based on AA guide

When can I buy an electric pickup truck?

Hybrid cars and sports utility vehicles are becoming more common on New Zealand roads, and just about everywhere else in the world. But conspicuously absent are hybrid pickup trucks. Why is that?

Designing a hybrid truck comes with its own special set of difficulties. A small truck is designed for heavy loads and tough terrain, and this makes battery range more of an issue than with a passenger car.

Packing a weighty load or towing a hefty trailer drains more power, requiring bigger, heavier batteries. Improving batteries so that they can carry large loads for long distances is a big part of the challenge.

But like everything about technology these days, things are changing fast.

Tesla's chief executive Elon Musk announced his intention to launch "a new kind of pickup truck" and plans to unveil the new design next year with production scheduled for 2020.

Honda is rumoured to be adding a dedicated hybrid model to its light truck line-up next year, and Ford has announced plans to roll out a hybrid F-150 pickup in the US by 2020.

Likewise, Toyota is planning a hybrid pickup, yet no launch dates have been revealed. Ditto for Mitsubishi, General Motors, Mercedes, Volkswagen, Volvo, Audi and BMW.



In the meantime, a company called The Workhorse Group in the US has unveiled the W-15 Electric pickup truck, which it plans to start selling to fleet operators around November 2018.

It's powered by a massive 60-kilowatt hour battery under the floor with a range of approximately 160kms, plus a 3-cylinder BMW combustion engine which kicks in to generate the electricity.

Added bonus: The battery makes the truck a more complete work station where you can plug in all your power tools, work lights and even an arc welder.



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*Only while stocks last.

Is that new product you're using up to code?

Chances are that in the next few months, you'll come across at least one new building product you've never heard of or used before. It might be brilliant and innovative. But will the building compliance officer pass it no questions asked?

New building materials from all over the world are being introduced onto the New Zealand market at a faster rate than ever before.

And while most overseas building products can be imported into New Zealand without restriction, not all of them will automatically comply with the NZ Building Code.

Signs to look out for

A major red flag you should look out for is "substitution", where a different product is supplied than the one specified in the approved contract document plans and specifications (usually because of availability problems or cost).

For example, imported window joinery (or cladding)

may appear very similar to well-known New Zealand brands, but if it's not NZBC compliant, it cannot be used. All work carried out must comply with the NZBC.

If you have any doubt about any new building product or system, check to see if it is either BRANZ Appraised or CodeMark certified.

Ask the question

There have been numerous cases in New Zealand recently where non-compliant products have been used, often inadvertently, resulting in project delays, re-do's and major cost over runs.

So before you install or fix that amazing new building product, make sure it's code compliant.



BRANZ appraisals

The BRANZ appraisal system has been around in New Zealand for over 40 years, and is seen as the benchmark for building product testing and evaluation.

An appraisal is a technical opinion of a building product or system's fitness for purpose. It involves extensive testing and verification of Building Code compliance.

BRANZ Appraisals are commonly accepted by Building Consent Authorities throughout New Zealand.



Codemark certification

The New Zealand Ministry of Business, Innovation and Employment (MBIE) administers the product certification scheme, CodeMark.

With close ties between the building industries in New Zealand and Australia, the CodeMark scheme has been established to help streamline product compliance in both countries.

Under the scheme, a building product or system that is CodeMark certified will be automatically accepted as complying with the Building Code by all consent authorities in New Zealand, provided the use is within the stated scope.

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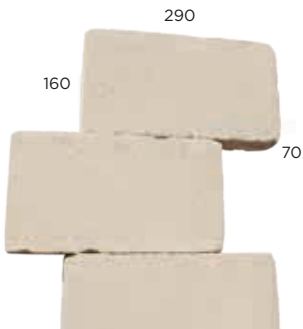
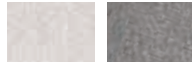
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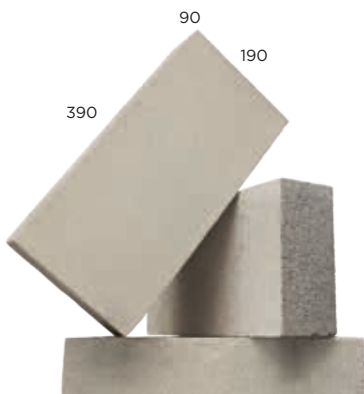
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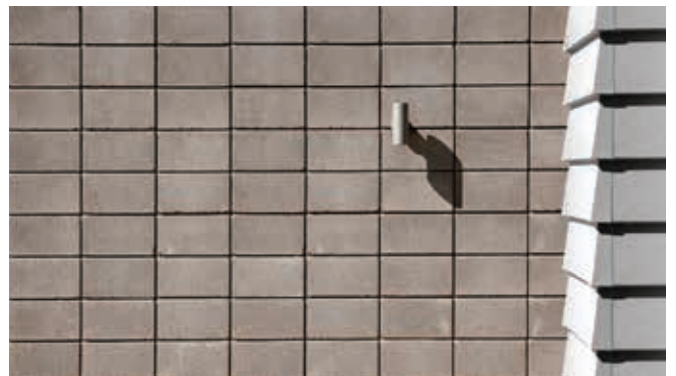
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The apprentice diary: entry #7

'There's more than one way to skin a cat', is a phrase that is quite apt for the building trade. I'm now over the one year mark since starting the apprenticeship and I've been exposed to lots of tasks and areas of building (but I still have heaps to learn).

Skinning the cat

One thing I'm finding is there are lots of different ways to undertake the same task. For some reason before becoming a builder, I naively thought it was going to be a bit more like building Lego with instructions, i.e. there is only one way to build it. Sure there are some aspects and processes that have to be done a certain way, but likewise, there are plenty of tasks that are down to the individual. Things such as installing windows, or architrave, or maybe boxing, bracing and pouring for concrete. The latter was certainly an eye opener, especially with tight scaffolding in the way (see below). It is with this knowledge that you can add a certain bit of individuality to the build and find a way that suits your style of working or skillset.



Pouring concrete nibs

Architects

In a similar vein, I didn't realise the amount of problem solving that goes on, and the reliance the architect sometimes puts on the builder's ability to make things magically happen. The phrase CoS (Check on Site) comes up a bit on the plans, I think it's an architects way of eliminating a visit to the site to check first hand, but that's just me. I do like learning some of the workarounds for these problems, and it adds to knowledge and experience.

Time saving tip

One thing I did learn recently that has become helpful is measuring and knowing the approximate size of some of your hand tools and power tools, such as your hammer, drill and nail gun lengths. When you need to nail or screw off roughly at 300mm centres for example, you can measure using the tool in your hand.



Interior boxing bracing

Apprentice life

The builder I'm working with is now giving me more responsibilities. From sorting out where to put materials when they arrive, to completing a task on my own that may require a portion of building inspector sign off. If it fails, it will be my fault! This is teaching me two things, firstly to do the job right and ready for sign off, secondly to make sure I have the right materials ordered and delivered on time. Nothing like a bit of time pressure to focus the mind. This is helping me learn how to run little jobs as part of the bigger picture, plus relieving him from some of the day to day stress.

We're now on the run into Christmas and New Year, a time where the industry shuts down for a month (well, we do apparently).

So till next time, have a fun festive season, see you in 2018.

by Stu Foster

Apprentice



Highlights

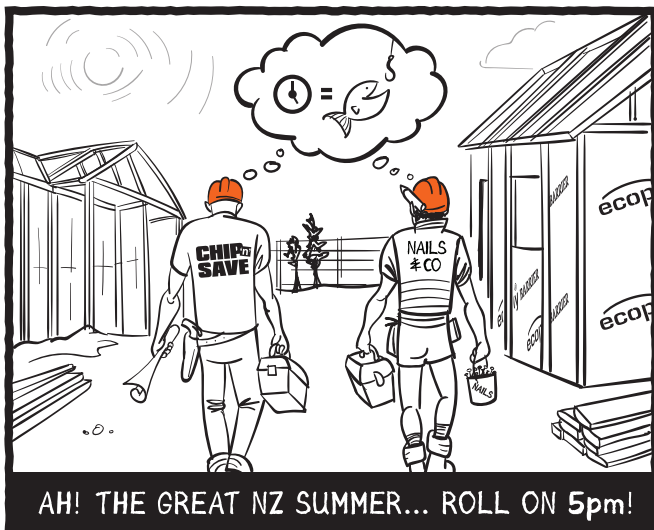
Best job: Window scribes

Worst job: Working in the rain

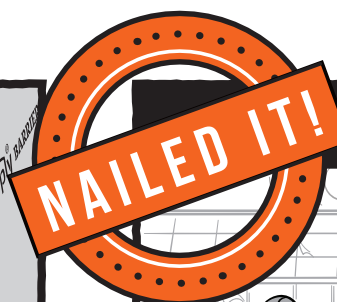
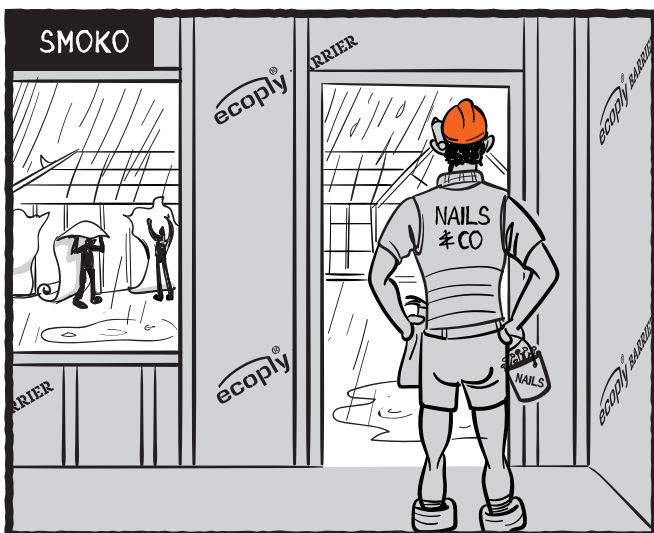
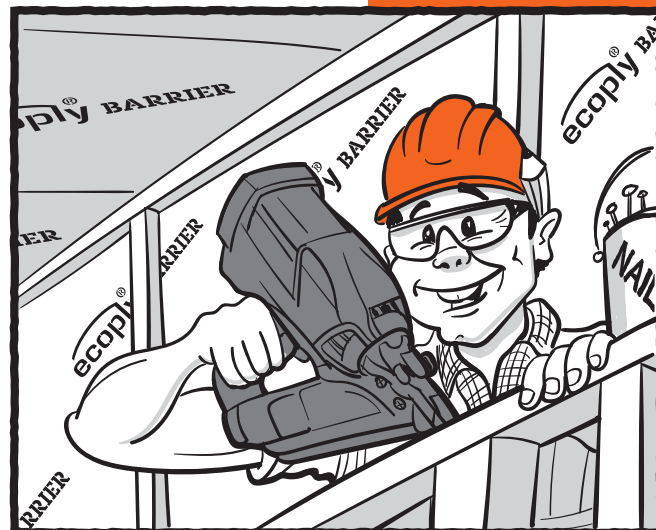
Favourite power tool: Table saw

Favourite hand tool: Nail punch

Apprentice tip: Keep your tools clean



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Beware of the word “indemnity” in a contract

An indemnity is a promise that you will ensure the other party suffers no harm whatsoever if something adverse happens to them. You will put them back in the position they would have been in if it had never happened.

People often underestimate the significance of a legal contract. Too many times the completion of a contract is seen as a ritual that you go through at the commencement of a deal, following which the contract is filed in the bottom drawer, hopefully never to be seen again. If you treat it as a ritual or a tedious exercise that has to be undertaken against your better judgment, then you are unlikely to bother familiarising yourself with the wording. So when it comes time for that contract to be pulled out of the bottom drawer, chances are the actual wording will come as a complete surprise to you.

I understand why that happens. Reading pages and pages of legalese is drudgery compared to the fun part of eagerly anticipating the benefits that the deal is going to bring you. And if you have to spend time negotiating the terms of the contract with the other party at the outset, it tends to raise sensitive issues and cause aggravation, right at the time when both parties are in that honeymoon period when everything looks exciting and they just want to get on with it. Why focus on the things that can go wrong when your natural inclination is to be positive?

Why you need to read your contract?

There are two answers to that question. The first is that the honeymoon will end, sooner or later, and it will often be followed by separation or divorce. The second is that when that happens, you need a set of rules to say what happens next. If you don't have those rules, it will take you three times as long and

cost you three times as much to restore order out of the chaos. It is your contract that contains those rules. So you better make sure it says what you want it to say when everything turns to custard. That applies just as much to a building contract as it does to any other kind of contract.

There is one particular word in a building contract that you need to be particularly wary of. And that is the word “indemnity”. An indemnity is a promise that you will ensure the other party suffers no harm whatsoever if something adverse happens to them. You will put them back in the position they would have been in if it had never happened. Usually that involves paying them a lot of money, and the worst thing is you might not have realised it.

There is a place for indemnities

Indemnities are reasonably common. For example, your insurance company promises to indemnify you if your car gets stolen or your house burns down. Assuming it is a full replacement policy, they will pay you the full amount of your loss (other than the excess). It is similar when someone guarantees a bank loan. If the borrower doesn't repay it, usually the guarantor has to reimburse the bank not only for the unpaid debt, but also all accrued interest, and any legal costs the bank incurs in trying to recover the debt. To the last cent.

When indemnities were first dreamed up centuries ago, they were usually given by Party A to protect Party B from something that Party C did to them.

For example the Sherriff of Nottingham allows Blackadder to mill the timber in Sherwood Forest in return for a shilling per tree, but Blackadder is nervous that Robin Hood will sabotage the sawmill. So the Sherriff agrees to indemnify Blackadder in case that should happen. Similarly, the insurance company agrees to pay you the replacement cost of your car if someone else totals it. Or you agree to reimburse the bank for its unpaid loan, interest and recovery costs if the borrower defaults in payment.

Construction contracts contain indemnities

In recent times people have lost sight of the original purpose of an indemnity. Now they are just as often given by Party A to protect Party B from something that Party A might do to them. Take the standard form building contracts for example. NZS 3910 (the contract used in most big commercial projects) requires the Contractor to indemnify the Principal against any losses, liability or costs the Principal incurs as a result of the Contractor's building work or any defects in that work. NZS 3902 (the small works and residential projects contract) says something similar, as do the four NZ Institute of Architects contracts and the UK-based FIDIC contracts. The concern that I have, is that many Contractors won't know these contracts contain an indemnity, and may not appreciate their full significance if they do.

There is nothing wrong with indemnities in principle. The Principal and the Contractor are free to negotiate any terms they wish. An indemnity is just one way to allocate risk in a construction project, but what the indemnity does is allocate all the risk to the Contractor (although he might be able to insure against it). The idea is that if the Contractor (or the suppliers and subcontractors for which he is responsible) does anything wrong, then the Principal won't be out of pocket at all, and won't have to share the burden to any extent.

There are alternatives to indemnities

If these building contracts did not contain such an indemnity, then the outcome would be different. If the Contractor did anything wrong then he would almost certainly be in breach of contract and possibly be negligent as well, so he could be sued by the Principal for damages. Damages can be either less generous or more generous than an indemnity.

Damages for breach of contract or negligence can be less generous than an indemnity because they typically don't compensate the Principal for every conceivable loss the Principal might suffer. That could be because some of those losses weren't reasonably foreseeable, or the contract excludes indirect or consequential losses, or the Principal allowed the loss to become greater than it needed to be, or some other event occurred which made the loss inevitable regardless of the Contractor's default. More importantly, even if the Principal wins in court and is awarded costs, the Contractor won't have to pay anything like the full legal costs the Principal had to pay.

Damages for breach of contract or negligence can be more generous than an indemnity if the contract provides for liquidated damages, and they turn out to be greater than the Principal's actual loss. Even though liquidated damages are supposed to be a genuine pre-estimate of the Principal's loss, it's not an exact science and the courts won't require the Principal to refund the excess if it turned out the parties guessed wrong.

Do you really want to pay both lawyers?

There is no question that an indemnity will cost the Contractor more than if he is simply liable for damages, and they are either not liquidated, or they are liquidated but the parties have underestimated the losses the Principal would incur. An indemnity is intended to reimburse the Principal for every last cent, including 100% of his legal costs. If you are the Contractor and you have spent a fortune unsuccessfully defending a court case against you, it's bad enough that you have to pay your own lawyer. Imagine if you had to pay the Principal's lawyer as well. An indemnity will make you do that. A large contractor might be able to take that in his stride, but it could wipe out a smaller contractor. When negotiating the building contract, you don't have to agree to an indemnity. But even if you do, the important thing is to know that it's in there, so you can manage your risk.

by Geoff Hardy

Commercial Lawyer



Geoff Hardy has 42 years' experience as a commercial lawyer and heads up the construction law team at the Auckland firm "Martelli McKegg". He guarantees personal attention to new clients at competitive rates. His phone number is (09) 379 0700, fax (09) 309 4112, and e-mail geoff@martellimckegg.co.nz. This article is not intended to be relied upon as legal advice.

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