

# BUILDING BUSINESS

THE LATEST NEWS FROM YOUR BUILDING SUPPLIES SPECIALIST

ISSUE 58: DECEMBER 2014

## REGISTERED MASTER BUILDERS HOUSE OF THE YEAR

ITM Renovation Award Winner 2014

The Breen Construction Company – Pg 11



### 3 MAINTENANCE SCHEDULE

Exclusive offer for ITM customers  
to access the new BRANZ  
Maintenance Schedule

### 15 LEGAL

In an insurance project, who is  
your client?



READING BUILDING BUSINESS  
WILL CONTRIBUTE TOWARDS  
YOUR LBP SKILLS MAINTENANCE  
REQUIREMENT. ENSURE YOU  
LOG THIS IN YOUR ITM DIARY  
TODAY. DECEMBER 2014.



"We'll see you right"

# THEY'VE DONE IT AGAIN!

**Congratulations to the Hardware Awards Winners 2014  
- Retail Store of the Year (up to 4000m<sup>2</sup>) - Tumu ITM  
Havelock North.**



Pat Golder receives the award

The Retail Store of the Year award recognises outstanding retail stores in the hardware, builders' supply or home decor industries.

The store's Branch Manager Pat Golder says the store's success this year is not down to any magic formula.

"We have a great culture in the team here and there is a positive environment for when customers are coming and I think they see it when they come in. The team are enjoying what they do because they give it their all".

The win continues their strong performance in the Hardware Awards, winning twice (in 2008 & 2011) and also being a finalist the last two years. Despite that, Pat was still taken aback: "it was a real surprise to get it again! It's the third time for the team and they keep striving year after year, but to get it

across the line was fantastic stuff because it's pretty tight in all the categories – this one especially".

And the store wants to repeat the success next year: "we'll continue to upskill the team and keep challenging them and setting targets. There are always little subtle reminders we have for everyone each week but, to be honest, they do it all themselves."

**Congratulations to all the team at Tumu ITM Havelock North.**

## THE 2014 HARDWARE AWARDS SUPPLIERS OF THE YEAR WERE:

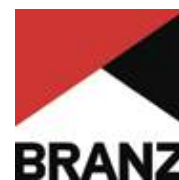
- **Building Supplies** - Winstone Wallboards.
- **Hand & Power Tools** - Accent Tools.
- **Hardware** - MiTek.
- **Painting & Decorating** - Valspar (Wattyl).

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# THE COMPREHENSIVE MAINTENANCE GUIDE



**The new tool that makes it easy to assemble a Maintenance Schedule for your client's new home.**

With up to 60%\* of New Zealand homes being poorly maintained, BRANZ has launched a new web-based tool that easily records all the materials and finishes used within a building. For use by Architects, Designers and Builders, the online tool produces an easy-to-read maintenance schedule that can be presented to clients or local authorities.

**Save time and cost** - the new tool means home owners will have a full and complete record of their home, what materials it was built from and how maintenance should be carried out.

The BRANZ Maintenance Schedule is easy-to-use with multiple drop down menus all combining to provide a record of materials and finishes used and their maintenance requirements. Once all selections have been made, the user can print out the report for the home owner and save a record for yourself. Once in the maintenance schedule tool, you will

be able to start your report by completing nine categories:

1. Overview
2. Foundations
3. Structure
4. Weatherskin
5. Internal linings
6. Decorative floor
7. Interior glazing
8. Services
9. External works



To find out more, watch the maintenance schedule tutorial video: [www.maintenanceschedules.co.nz](http://www.maintenanceschedules.co.nz)



\*Bulletin 546 House Condition Survey External Envelope, April 2012

## EXCLUSIVE OFFER FOR ITM CUSTOMERS

# Maintenance Schedule for a new home

**New legislative changes come into effect on 1 January 2015**

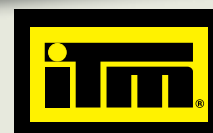
As a professional builder or designer, you will be required to provide a maintenance report as part of new customer protection measures.

ITM is now offering customers access to the new BRANZ Maintenance Schedule at a very special price. This web-based tool allows you to easily select materials and finishes used in a building via dropdown boxes. The tool then creates a professional maintenance schedule which can be supplied to clients or local authorities.

**Single Maintenance Schedule** **\$18.50**  
(9 month validity) incl. GST

**Talk to your ITM representative today for access to your exclusive promo code.**

Go to: **[www.maintenanceschedules.co.nz](http://www.maintenanceschedules.co.nz)**



# STANDARD WILL HELP COMPLY WITH BUILDING AMENDMENT ACT 2013

## NZS 3902 now comes with a Contract Agreement in electronic form.

The Building Amendment Act 2013 introduced changes to further protect consumer rights and remedies for residential building work. Included is a mandatory requirement for residential building contracts for work above \$30,000 to be in writing and to contain certain information. These changes are contained in regulations which are expected to come into force on 1 January 2015.

NZS 3902 Housing, alterations and small buildings contract will help meet the Building Amendment Act 2013 and also make the building process smoother and easier for home owner and builder.

NZS 3902 now contains an electronic Microsoft Word form that can be filled in by all parties to the contract. The Word form contains an update of Section 3 of NZS 3902 which is used for the contract details.

Whether the work is building a new home, carrying out renovations, or altering an existing home, NZS 3902 provides a standard form of building contract agreement suitable for owners who are making their own building arrangements. It is written in



'plain English' so it is easy to understand, and was developed by a broad range of industry experts and with consumer representation. It is intended to be a fair contract that sets out rights and responsibilities for all parties.

The new form must be used with the full standard.

NZS 3902:2004 is also available as a pack of two hardcopy books.

Order your copy from your ITM store today or go to [www.standards.co.nz](http://www.standards.co.nz)



# IMPORTANT

The 1st of January 2015 sees significant changes to the **Building Act and Regulations that will affect EVERY builder.** The changes include new responsibilities including the need to provide a written building contract for all jobs over \$30,000.

## BUILDERS ARE YOU READY?

The timing of these changes is not ideal as they require builders to hit the ground running as of the 1st of January 2015. We're sure you'd rather be fishing than running around like a headless chicken sorting out paperwork. The **GOOD NEWS** is that Certified Builders already have a suite of contracts ready to go and a help-line available to all members for a minuscule cost. If you're already a member you'll be

# SWEET AS

and if you're not don't worry, simply give us a call and we'll help ensure you don't hit any unnecessary speed bumps come the new year. To join the Certified Builders team visit [www.certified.co.nz](http://www.certified.co.nz) or call us today on **0800 237 843**



**NEW ZEALAND'S MOST QUALIFIED BUILDERS**

# POWER TOOLS

## 82mm Planer

- Powerful 620 watt motor
- Max cutting depth 2.6mm and rebate up to 9mm
- Automatic safety stand to protect blades and surfaces
- Convenient cable deflector hook



**\$205** EXCL GST



**HITACHI**

## 18V Pro Series Combo Kit - 2 Piece

- 13mm Impact drill (DV18DSDL)
- Impact driver (WH18DSAL)
- 2 x 5.0Ah energy Li-Ion batteries

#KC18DKL(GB)



**\$669** EXCL GST



## 90mm Jigsaw

- 705 watt
- Variable speed (by dial)
- 4-stage orbital cutting action
- 20mm stroke

#CJ90VST



**\$169** EXCL GST



**HITACHI**

## Reciprocating Saw

- 1010 watt
- Push-in lock system for quick tool less blade changing
- Large trigger switch with variable speed for accurate cutting

#JR3050T



**\$269** EXCL GST



## 235mm Circular Saw

- 2000 watt
- 4,100 rpm (no load speed)
- Excellent saw for ripping and crosscut from ply to hardwood

#N5900B



**\$309** EXCL GST



## 18V Li-ion Combo Kit - 2 Piece

- Cordless drill/driver (DDF456RFE)
- Cordless impact driver (DTD146Z)
- 2 x 3.0Ah batteries (BL1830), Charger (DC18RC) and carry case

#DLX2014



**\$539** EXCL GST



**BONUS**  
4.0Ah Battery  
via redemption

## Multi-Tool Basic Kit

- 1 piece kit
- Titanium general purpose blade (044BMT1)
- 2 year warranty
- Carry Case

#SMT250PB



**\$209<sup>90</sup>** EXCL GST



## Nail Buster Extreme Blade

- Titanium-coated blades
- Blade width 44mm
- Cuts wood with nails, staples, screws, non-ferrous metal, and PVC

#044BMT3+1



**\$99<sup>90</sup>** EXCL GST



**BONUS**  
Four blades  
for the price  
of three

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ITM  
SINGLET**



When you spend over \$150 on any of these products\*

\*Limit of one per account. Strictly while stocks last





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## - pre-line promise -

We promise that Pink® Batts® insulation installed by PinkFit® will pass the pre-line building inspection. If it doesn't pass as a result of our install the PinkFit® installer will fix up the job and refund the cost of re-inspection fee.



**FREE  
ITM  
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When you spend  
over \$150 on any of  
these products\*

\*Limit of one per account.  
Strictly while stocks last

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**pinkfit.co.nz**

  
**ANOTHER GOOD CALL**

  
**PREFERRED PINK® BATTs® INSTALLERS**

The colour PINK and Pink® are registered trade marks of Owens Corning used under license by Tasman Insulation New Zealand Limited (TINZ). Batts® is the registered trade mark of TINZ.



# WORKING WITH SUBBIES

**Good relationships with subcontractors mean smoother running projects, less rework and happier clients. Here's what you need to know about working with subbies.**



THIS IS THE FIFTH OF SIX ARTICLES ABOUT SETTING UP YOUR OWN BUSINESS, ADAPTED FROM THE BRANZ BOOK **BUILDING BASICS: YOUR BUSINESS**

SPECIAL  
PRICE  
**24% OFF**  
EXCLUSIVE  
TO ITM

SEE PAGE 8  
FOR MORE DETAILS.

Most builders develop a list of preferred subcontractors. Good long-term relationships make sense – builders rely on subbies to help them complete the job and subbies rely on builders for work.

It's common to have several preferred subbies for any area of work – for example, you may use a tiler who is skillful in decorative and mosaic work for expensive jobs and one or two other competent tilers for standard work. Having several subbies also lets you compare prices.

## WHEN SELECTING SUBCONTRACTORS, CHECK:

- Quality of work
- Licences, registration, accreditation, certification
- Staff skills – who actually does the work?
- Responsiveness and communication skills
- Ability to meet deadlines
- Availability and flexibility
- Commitment to health and safety
- Membership of a trade association.

## PROBLEMS BETWEEN BUILDERS AND SUBCONTRACTORS TEND TO RESULT FROM:

- Sloppy workmanship or untidiness
- Inability to meet deadlines or commitments made
- Lack of communication, not turning up
- Reluctance to undertake remedial work
- Failure to meet compliance obligations
- Damage to other work
- Sudden and unexplained increases in prices
- Lack of respect for the client, builder or other subcontractors.

The best subcontractors are often in demand, so if you want to use them, provide sufficient work and pay them on time.

## SUBCONTRACTOR RESPONSIBILITIES

Responsibilities of both parties should be clear in the contract between you and the subcontractor and be based on the job's plans and specifications. Define your expectations early.

Make a list of things to cover off before a job starts (and in some instances before the subcontractor submits a quote) so subbies are clear about responsibilities. Include:

- The work that needs to be completed before the subcontractor starts
- Site access, storage and waste disposal
- How to deal with incomplete plans and specifications
- Who is responsible for organising inspections
- What documentation will accompany the finished job
- What materials the client supplies
- Whether the subcontractor can deal directly with the client where client input is needed. Subbies must brief you if there is a variation to the project
- Reporting, invoicing and payment expectations.

For smaller jobs, subbies usually provide an invoice at the end of the job. For large jobs, you might let subcontractors submit progress payments at the end of each month for payment on the 20th of the following month.

## PLANNING AND COORDINATION

Good project planning is critical. You need to know:

- Start and finish dates
- Critical stages
- Timing of different subcontractors
- Timing of hired plant and equipment
- What construction activities can overlap and what need to happen independently.

### THESE ARE THE TYPICAL STEPS TO PLANNING WORK WITH A SUBCONTRACTOR:

- The subcontractor indicates their availability when quoting
- The builder confirms a project start date and when the contractor is likely to be required
- The builder reconfirms the date as it gets closer, or communicates any delays or changes in the schedule, giving as much notice as possible
- The subcontractor communicates any delays in their work that may impact on the project plan, timeframes and other subcontractors' work
- The builder and subcontractor discuss further work needed as part of the contract.

## PROTECTION OF WORK

Builders and subbies need to protect work already done to save on remedial work. For example, the concrete placer needs to avoid filling up the electrician's wiring penetrations; a plasterer needs to mask joinery; a painter will use masking and drop sheets to shield surfaces from splashes or overspray.

## SYSTEMS, PRODUCTS AND ACCREDITED INSTALLERS

Some subcontractors may not be a builder's preferred subbie, but are used because they are accredited installers of specified products or systems. In this case:

- Ensure clear and comprehensive contract documentation
- Use a quality assurance process
- Focus more on communication and supervision

- Document any issues and talk with the subcontractor, manufacturer, designer or client if needed
- Follow up on warranties or guarantees from installer or manufacturer.

## REWORK

Rework is required for things that were not done properly or repairing earlier work that was damaged during later work.

If rework is required in a subcontractor's area, ask yourself:

- Was the documentation clear?
- Did I make my expectations clear?
- Was the subbie qualified for the job?
- Was the job ready for them when they started?

If it is a matter of shoddy workmanship or a subcontractor's mistake, decide whether to ask them to do it again or ask another subcontractor to do the work. Consider whether the subcontractor's bill as it stands gets paid, and if there are any extraordinary circumstances.

Builders and subcontractors can find it hard to accept that they have done something wrong. Good communication is essential.

You might build a sum into your quote for remedial work. An example might be for a house renovation where existing polished floors may be damaged during the new work. While you will protect the floors, it is possible that they may suffer some minor damage. Having a sum set aside for repair means the cost is not taken from the bottom line or extracted from others.

Treat this area carefully – law changes coming into force from the start of 2015 introduce a 12-month defect repair period when you must fix any defects the client has told you about.



### BUILDING BASICS: YOUR BUSINESS – 24% OFF

Special price for ITM customers \$39.48 + \$8 p&p (Normally \$51.95 + p&p, ePub version is \$33.55). Just use promo code ITMBB101 when purchasing on-line at [www.branz.co.nz](http://www.branz.co.nz). Note: To purchase on-line a MY BRANZ account must be created first.

### How does a builder know what to do when they make the decision to go it alone?

Until now, there has been no one place to go to find out everything you need to consider before starting your own business. This 180 page guide outlines the key things you need to think about.

For those already running a business, it is a chance to get some new ideas to help your business run more smoothly.





# PAINTING

## Forestwood Traditional Oil Stain

- Adds colour to the timber but allows the grain to show through
- Protects timber from UV degradation
- Available in a range of colours

#5 Litres  
**\$60<sup>90</sup>** EXCL GST

#10 Litres  
**\$119<sup>90</sup>** EXCL GST



**wattyl**

## Solagard – Gloss, Semi-Gloss, Low Sheen

- For most exterior surfaces without the use of a primer
- 15 Year warranty against flaking, blistering and peeling
- Total Protection Technology™

#4 Litres  
**\$74<sup>90</sup>** EXCL GST



**wattyl**

## All Purpose Undercoat

- For weatherboards, bare interior timber, GIB®, or as an intermediate coat for sanding
- Easy sanding
- For interior or exterior

#823115.002

#2 Litres White  
**\$41<sup>90</sup>** EXCL GST



**taubmans**

## Builder Board™

- Heavy duty floor protection
- Repels water, mud, paint and more
- 100% recyclable
- Roll size 0.965m x 30.48m

#BLDLS38100  
Per roll  
**\$104<sup>90</sup>** EXCL GST



**Haydn**

# A NEW WAY TO SHOP IN-STORE

**The Paslode® Trade Centre makes it even easier for you to choose the right tools and accessories for the job.**

Every ITM store now carries a range of Paslode products and next time you're in-store you'll notice a new display stand. The Paslode Trade Centre has all the information you need to help you make the right product choice.

Once you've selected the products you need for the job, take the purchase card for the tool or accessory to the sales counter and receive your item.

And when you're not in-store, there's also a free app for your phone – the Paslode Nail Selector. Download it today.



**Paslode**

# FULL PENETRATION TREATMENT

**LVL8 H1.2 is a product fully treated using organic chemistry against insects and fungal decay, and can replace traditional timber framing in residential and light commercial construction.**

Nelson Pine Industries Ltd has been supplying H1.2 Azotek Glueline treated LVL to the New Zealand market since 2013 across its entire framing range. This is the first dry inline glueline, full penetration treatment for a structural timber framing product. The treatment is included with the resin as the veneers are laid up so it's carried right to the heart of each stick of LVL. It therefore does not require post treatment remedial application following cutting and drilling.

Azotek H1.2 meets the requirements of NZS3640:2003 (amendment 5) and is cited in amendment 8 of the New Zealand Building Code Section B2/AS1 Durability as an acceptable solution.

Because it is a dry process the treated beams have precise tolerances, adding to the dimensional stability that LVL is known for in straight, stable long continuous lengths. It can be sold in lengths of 7.2m, which gives big advantages in utilisation compared with the shorter lengths of conventional timber.



## NelsonPine LVL8 H1.2

- General Framing 90x45 and 140x45 is suitable to be substituted in place of No.1 Framing, SG6 and SG8 sawn timber as per NZS3604 (clause 2.3.9).
- Suitable to be used in frames, bottom plates and truss chords for straighter construction, higher productivity and can carry higher snow loads than conventional framing.



## LVL8 H1.2 GENERAL FRAMING

- Suitable for residential and commercial framing
- Straight and true with accurate uniform sizing
- Available in continuous long lengths. 4.8 & 6.0m as standard
- Full penetration glueline treatment to H1.2 using Azotek
- H1.2 Azotek is an approved acceptable solution (amendment 8 NZBC, effective 14th February 2014)
- There are no solvents or heavy metals in Azotek
- Enhances fabrication productivity
- Creates straighter frames and trusses
- Substitutable in place of SG8 timber
- 100% renewable plantation forestry (FSC certified)
- Ideal for snow loads



### AZOTEK™

Innovative acceptable solution technology for the protection of LVL from insects and decay

**NelsonPine**  
Laminated Veneer Lumber **LVL**  
www.nelsonpine.co.nz

LAMINATED VENEER LUMBER  
**ENGINEERED FOR PERFORMANCE**





# ITM RENOVATION AWARD \$250,000 - \$500,000 WINNER

**Congratulations to The Breen Construction Company for taking out the ITM Renovation Award at the Registered Master Builders House of the Year national finals in Auckland on November 15<sup>th</sup>.**

The original Alexandra house was built to reflect the surrounding landscape of Central Otago. Breen Construction was set the task of a 113m<sup>2</sup> addition. They expertly combined local schist, tray copper cladding and quality natural materials to bring the outside elements inside, pulling off a flawless transition between the original house and the new living areas.

Breen Construction Ltd operates throughout the South Island of New Zealand with offices in Oamaru, Wanaka, Cromwell and the Head Office in Alexandra.



Left to Right: Heather Breen & Paul Breen (Breen Construction) Paul Piebenga & Maree Piebenga (Southern Lakes ITM)

 **breenhomes**

REGISTERED MASTER BUILDERS  
**HOUSE  
OF THE  
YEAR**





# THE MODERN LOOK FOR OUTDOOR LIVING AREAS

**Alsynite Custom Glaze is a new-look polycarbonate roofing product that is rapidly finding favour as an alternative to traditional roofing profile designs.**

Custom Glaze is aesthetically pleasing, offering a full .870mm effective cover. Available in all lengths to 7.2m and comes in Bronze Tint and transparent Clear. It is simple to install and a cost-effective roofing product offering excellent clean lines. Just lap one sheet over the other and fasten down.

## INSTALLATION INFORMATION

Alsynite recommends that the minimum roof pitch for Custom Glaze installations is five degrees. It is designed to be installed on purlins at a maximum of 1000mm centres (snow prone areas 600mm).



## Standard lengths (metres)

1.8, 2.1, 2.4, 2.7, 3.0, 3.6, 4.2, 4.8, 5.4, 7.2

Colours	Bronze Tint	Clear
Light Transmission	38%	93%
Heat Reduction	33%	0%

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SINGLET**

When you spend over \$150 on any of these products\*  
\*Limit of one per account. Strictly while stocks last



# Something to go with smoko

Download our  
**FREE** app  
for the MiTek  
Fixings Guide



[www.mitek.nz.co.nz](http://www.mitek.nz.co.nz)

# THANKS FOR A GREAT YEAR

**We've had some real challenges this series, the toughest of which was meeting our own standard of making each series better than the last. That's meant some challenging shoots, some new filming and production techniques, and expanding into the full hour format.**

## YOUR FEEDBACK

So while right now I'd be quite happy not to see another frame of The ITM Fishing Show for a while, I'm grateful so many of you are still so enthused to watch the show religiously every week. So I have a few thank you's...Thanks to everyone who has sent in some feedback, via our website or facebook. Thanks to all those who have stopped me to offer a kind word, give a smile and a wave, or just shout out "Chur Matty, love the show, take me fishing bro!!!"

## YOUR VOTES

Thanks to everyone that cast a vote for us in The Best on the Box Awards. Thanks to those of you that care enough about our fishery and our future to contribute to LegaSea - good on ya's!

## OUR SUPPORTERS

Thanks to our sponsors, most of which have been with us over ten years now, and without them there would be no ITM Fishing Show. Thanks to my team here at Tightlines Television who have done some exceptional things to make this series a success. Thanks to my kids for being so cool about me being away and spending time with other kids (promise I'll get you out fishing soon!). And thanks to my wife... well, for everything.

Geez I hope that covers everyone, and I hope I can repay you all by making the next series even better than this one. That work starts tomorrow, but until then, keep tuning in to TV One at 5pm to watch an hours' worth of classic episodes we've hand-picked from our archive (and yes we've been listening to the feedback, so there's plenty of land based action in there!)

Keep 'em tight



Matt



Catching her first swordfish on the job - not a bad perk for Product Assistant Marara Murray-Haig

## WHAT'S COMING UP IN DECEMBER.

### TV ONE, SATURDAYS AT 5.00PM

Dec 6th - Shark Odyssey & Shark Surfing  
Dec 13th - Teach a kid to fish & Kayak Fishing  
Dec 20th - Fishing Media Awards  
Replays on Saturday mornings at 6.30am.

### SKY SPORT, SUNDAYS AT 6.30PM

Dec 7th - The Perfect Day  
Dec 14th - The Hunt for the 40lb Snapper  
Dec 21st - Out Wide Kayak Fishing  
Dec 28th - Night Time in the Tropics





**FREE  
ITEM  
SINGLET**

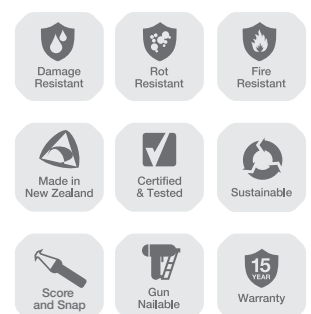


When you spend over \$150 on any of these products\*  
\*Limit of one per account. Strictly while stocks last

HomeRAB® Pre-Cladding 4.5mm is a cost-effective robust rigid air barrier that offers benefits over building underlay. It enhances weathertightness and airtightness of residential buildings and provides construction efficiency through faster building lockup, allowing interior lining to start before the exterior cladding is completed. Suitable for exterior structural bracing, HomeRAB® helps to improve insulation, acoustic and fire rated performance in exterior walls. Unlike wooden substrates, HomeRAB® contains no formaldehyde and is dimensionally stable.

Save time and money on your next build with HomeRAB® Pre-Cladding.

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# IN AN INSURANCE PROJECT, WHO IS YOUR CLIENT?

**A lot of repairs and re-builds are paid for out of insurance proceeds. These projects are common in every part of the country, but particularly in Christchurch as a result of the earthquakes. One issue that often causes confusion for builders is whose name to insert in the building contract as the client. Is it the insurer, the insurer's project manager, or the property owner?**

BY GEOFF HARDY, AN AUCKLAND COMMERCIAL LAWYER

Of course it isn't just a matter of filling in the building contract properly. The builder needs to know who to take directions from in the case of a variation, who to liaise with about activities on site, who to address the invoice to, and most importantly who to sue if he doesn't get paid. It is the building contract that determines those things, so it is essential to get it right.

You can understand why the confusion arises. It is the insurer who controls the purse strings, and in many cases it is the insurer who determines the scope of work, selects or recommends the builder,

**Only the property owner can authorise the builder to go onto the property and make changes to whatever structure is on it.**

and approves or queries the invoices. Those are all things that your client typically does. But on the other hand, it is the property owner who occupies the property. Only the property owner can authorise the builder to go onto the property and make changes to whatever structure is on it. And of course it is the property owner (or their tenant) who is most affected by the ongoing work.

## **YOUR CLIENT IS THE OWNER**

In my view, the builder's client should always be the property owner, for a variety of reasons.

For a start, you need to remember that (unless the insurer is a statutory body like the Earthquake Commission with its own rights and obligations established under an Act of Parliament) the insurer's rights and obligations stem from the insurance policy. The policy is a contract between the insurer and the homeowner. That contract states that in the event of any loss of damage to the building, then assuming there are no applicable exceptions or exclusions, the insurer will pay the owner a sufficient

sum of money to put the owner back in the position they were in before the loss or damage occurred. This is called an "indemnity".

There are two ways in which the insurer can compensate the owner for the loss or damage. The first is by treating the building as a write-off, and simply paying out a sum of money that is equivalent to its value just before the loss or damage occurred. The second way is to pay the cost of the work required to restore the building to its former glory. This is assuming, of course, that the owner has insured the building on a "reinstatement" basis rather than on an agreed value basis.

If the reinstatement option applies, all that it means is that the owner has a damaged building on his hands, but is in the fortunate position of having an insurance company that is contractually bound to reimburse him for the cost of repair. So the insurer is merely the owner's source of funding. In that sense the insurer is no different from the owner's bank, except that if the owner gets the funding from the bank, then he will inevitably be required to repay it some day.

Viewed in that light, the fact that the property is insured is theoretically of no concern to the builder. Where the owner gets his funding from – savings, borrowings, or insurance proceeds – is the owner's problem. The owner remains liable to pay the builder for the reinstatement work regardless of the source of funds. It is just that that the owner is a better credit risk for the builder if the owner is insured, because the funds are likely to be available.

## **WHY DO INSURERS GET INVOLVED?**

If that is the case, then why do the insurers get so heavily involved in the reinstatement projects? Why don't they just reimburse the owner for whatever he has had to pay out to the builder?

It is because the insurer, understandably, doesn't want to be an unlimited source of funds. Under the insurance policy, the insurer is only obliged to put the owner back in the position they were in before

the loss or damage occurred. That means restore the building to the state it was in (subject to compliance with the building code), without any add-ons, improvements, higher quality materials, or general betterment. So the insurer needs to get involved to make sure that none of those things happen.

The owner has an incentive to go for betterment, as does the builder. What the insurer doesn't want, is for them to do that, and then have a big argument with the insurer over how much of the work it is prepared to pay for. Even with a fixed price building contract, the budget can blow out as a result of

**Even though it might be tempting for the builder to think he can contract with the insurer - there are several reasons why it is preferable to contract with the owner.**

variations, and in the event that the builder is doing the reinstatement on a charge-up basis, there is of course no certainty over what the final price is going to be. So it makes sense for the insurer to police the work on an ongoing basis, to try to stop those arguments arising in the first place.

The legal situation is that the builder contracts purely with the property owner. The owner has a separate "funding" contract with the insurer. It is an

express or implied term of both of those contracts that the owner authorises the insurer to make certain decisions on the owner's behalf, such as determining the scope of work, overseeing its performance, and approving or querying the invoices. But it is the owner who is liable to pay the builder's invoices, and if the builder doesn't get paid or there is some other dispute about the conduct of the work, it is the owner and the builder who battle it out.

And that is how it should be. It is the owner's property, not the insurer's. And even though it might be tempting for the builder to think he can contract with the insurer instead of the owner - because it is a better credit risk - there are several reasons why it is preferable to contract with the owner. Not the least of those is the fact that under the Construction Contracts Act 2002 the builder (at least in commercial projects) can ask for a charging order over the building site, to secure payment of his unpaid contract price.



Geoff Hardy has 38 years' experience as a commercial lawyer and is the senior lawyer in the Auckland firm "Madison Hardy". He guarantees personal attention to new clients at competitive rates. His phone number is (09) 379 0700, fax (09) 379 0504, and email geoff@madisonhardy.com. This article is not intended to be relied upon as legal advice.



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## 6m Staffy Tough Tower

bought in Jan/Feb

6m tower consists of:  
TUT1400 (2m complete set) x 3  
TU10 (Outrigger pair) x 1  
See instore for best price

### MERRY CHRISTMAS



Comes with 3 sets of wheels & 3 platforms, 12 horizontal & 12 diagonal braces...& more

5m platform height  
(max legal height without scaffold ticket)



These formations can be achieved with the 6m tall Tower due to purchasing in complete 2m sets. (TUT1400x3)  
(Handrail sets, handrail posts and additional platforms are available)

# TIPS FOR MINIMISING YOUR CONSTRUCTION WASTE

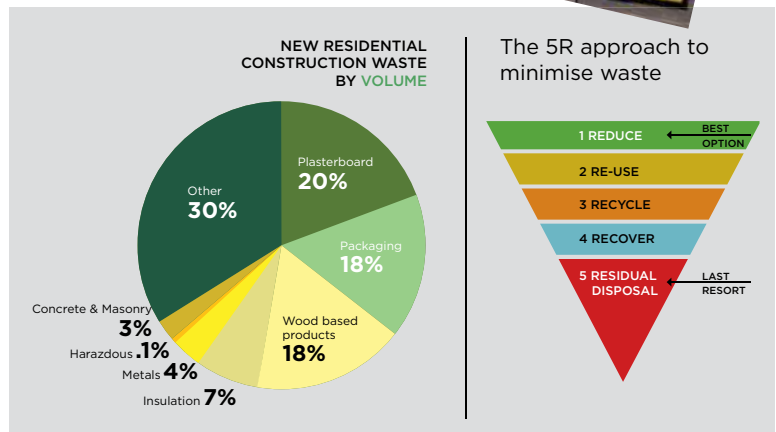
The recently updated ITM Building Guide is full of tips and tricks to reduce your construction waste.



The How to Minimise Construction Waste Guide provides builders, designers, estimators, project managers, and subcontractors with simple, cost-effective and practical ways to minimise construction waste.

The Guide will help you and your construction team to answer the following questions:





- Why minimise construction waste?
- What materials and quantities are contained in construction waste?
- How can we minimise construction waste in simple, cost-effective and practical ways?



Pick one up in-store or go to [itm.co.nz/sustainability](http://itm.co.nz/sustainability)



## ORDER WASTE SERVICES DIRECT FROM ITM AND CHARGE IT TO YOUR ITM ACCOUNT

BIN TYPE	SIZE	USE
	3.0 cubic metre open top gantry bin (3.3L x 1.5W x 0.6H)	Hardfill*1 - Up to 3 tonnes General construction waste*2 Up to 1.5 tonnes
	9.0 cubic metre open top gantry bin (3.3L x 1.5W x 1.8H)	General construction waste*2 Up to 1.5 tonnes
	General Waste Flexi Bin (1m <sup>3</sup> /2m <sup>3</sup> /3m <sup>3</sup> )	General construction waste*2, 1m <sup>3</sup> (200kg), 2m <sup>3</sup> (400kg), 3m <sup>3</sup> (600kg)
	Garden Waste Flexi Bin (2m <sup>3</sup> ) (Available in selected regions only)	Organic garden waste*3 2m <sup>3</sup> (up to 400kg)
	Port-O-Let Model 88 (Waterless) (2.1H x 1.2W x 1.2D)	

### ASK INSTORE FOR AN OBLIGATION FREE QUOTE

SPECIAL NOTES: 1. Hardfill/Cleanfill includes concrete, asphalt, masonry blocks, bricks, rocks, soil and clay.  
2. General waste excludes hardfill/cleanfill and hazardous waste such as explosive, noxious, illegal or dangerous materials. 3. Organic garden waste excluding branches over 200mm diameter and flax/bamboo.

**SOME SERVICES ARE NOT AVAILABLE IN ALL AREAS. FOR OTHER BIN SIZES - PLEASE ASK INSTORE**





# HAND TOOLS

## Ultra Series Steel Hammer

- Engineered to be lighter and stronger
- One piece forged
- Patented shock reduction grip
- Extra nail pulling notch for tight spaces

#E615S – 15 oz

**\$69<sup>90</sup>** EXCL GST

#E619S – 19 oz

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**Estwing**

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- Drop forged and tempered for extra durability
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**Estwing**

## 1200mm Level

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- Shock-absorbing endcaps
- Aluminium box profile, epoxy coated

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**FREE**  
ITM Tape Measure



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**SOLA**

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**\$76<sup>90</sup>** EXCL GST

**STAR-M**

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- Chuck accepts all standard 1/4" hex shank accessories including insert bits
- Constructed with steel gears and ball bearing drive

#T1902386



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**IRWIN TOOLS**

## Strait-line Chalk Reel Set

- 30m
- Speedline Pro 3:5:1 gearing
- 4 oz black chalk
- Black Sharpie marker included

#T2031328



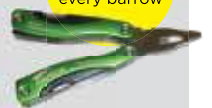
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**IRWIN TOOLS**

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  - Excellent tyre rebound – easy to push
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**FREE**

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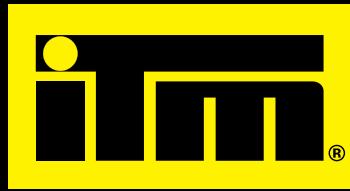


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*"We'll see you right"*



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