

BUILDING BUSINESS

THE LATEST NEWS FROM YOUR BUILDING SUPPLIES SPECIALIST

ISSUE 55: JUNE 2014



10



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TIMBER PRICE RISES

Red Stag Timber explains the key reasons behind timber price rises in NZ



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

"We'll see you right"



UPDATED GUIDANCE FOR EXEMPT BUILDING WORK

The Ministry of Business, Innovation and Employment published new guidance in March this year, to help keep you up to date with the changes to Schedule 1.

Did you know some plumbing and drainlaying work must be carried out by an "authorised person", such as a registered certifying plumber or drainlayer, before it can be considered exempt building work? Or that if you are removing a building element such as a chimney, roof or cladding from a building three storeys or less, then there is a new exemption which may mean you do not require a building consent.

These changes, were made when Schedule 1 of the Building Act 2004 (the Act) was amended in November 2013.

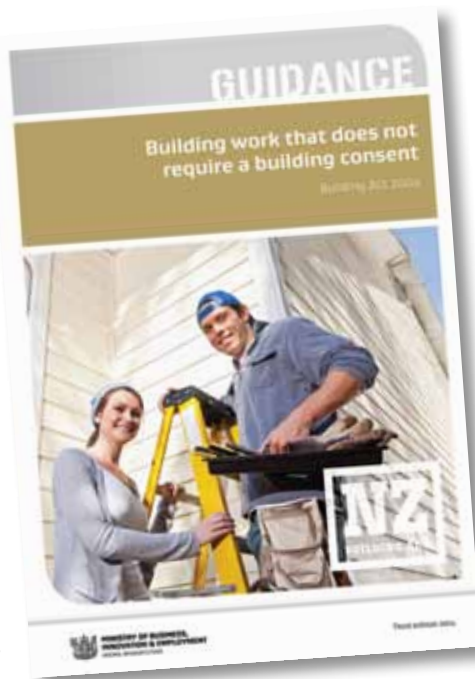
The updated guidance concentrates on the 43 exemptions of Schedule 1. It is full of practical examples, with photos, providing information on each of the Schedule 1 exemptions. It clarifies the type of work that is exempt and who can carry out this work.

It's important builders are aware of building work that is exempt from a building consent. Your clients will often rely on you to advise them what types of work do not need a building consent.

Carrying out building work, that is not exempt, without a building consent, is an offence and can incur a fine up to \$200,000 and a further fine of

up to \$10,000 per day if work continues.

Councils continue to have discretionary powers to grant exemptions for any proposed building work under exemption 2. However, they must be satisfied that the completed work is likely to comply with the Building Code, or there is minimal risk of it endangering people or property. If you want any work to be considered under this exemption, it is important to start discussions early with the local council.



WHAT'S NEW?

A new section, relating to Schedule 1, has been added to the Act, while Schedule 1 itself has been amended to make the exemptions easier to use.

- Section 42A of the Act, is a new section which imposes some general conditions and limits on Schedule 1 exemptions and clarifies:
 - o What type of building work is exempt from requiring a building consent
 - o Who can carry it out, and
 - o What other conditions apply.

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- **Schedule 1:**
The scope of building work covered by Schedule 1 does not vary much from the previous version, which was introduced in December 2010. However, it has a new numbering system and has been divided into three parts depending on who can carry out the work:

- **Part 1: Exempted building work** lists work that anyone can carry out. It includes exemption 2, formerly Schedule 1(k), which gives territorial and regional authorities the discretion to exempt any building work from requiring a building consent.
- **Part 2: Sanitary plumbing and drainlaying carried out by person authorised under Plumbers, Gasfitters, and Drain layers Act 2006.**
- **Part 3: Building work for which design is carried out or reviewed by a chartered professional engineer.**

READ THE GUIDANCE

To find out more, read the guidance **Building work that does not require a building consent - Building Act 2004** at www.dbh.govt.nz/bc-no-consent

REMINDER - OTHER CHANGES TO THE ACT

Once the building regulations are amended, builders will need to provide clients with information about their credentials and enter into written contracts for work over a specified amount. These changes will make it easier for builders and homeowners to understand their rights and responsibilities.

For a summary of the changes go to www.dbh.govt.nz/bcupdate-149

Remember all building work must comply with the Building Code regardless of whether it needs a building consent.



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INNOVATION & EMPLOYMENT**
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WORKING AT LOWER HEIGHTS

“... saw horses with planks are not recognised as suitable work platforms, as they have not been designed for this purpose...” Worksafe NZ – FAQ



Staffy Scaffold is a Hawkes Bay based scaffold supplier to the trade that designs and manufactures a range of scaffold systems.

railing when the height or risk factor increases. It is a 3-in-1 product, offering a sawhorse, trestle and scaffold component.

The Staffy Low Rider system has been developed in conjunction with local residential builders and in consultation with Worksafe NZ and their best practice guides. The result is a versatile solution to working safely and productively at lower heights. The Staffy Low Rider is a height extendable trestle system compatible with existing mobile scaffold componentry. It has the option to attach hand-

The Low Rider replaces the non-compliant use of saw horses and paint buckets as work platforms but still offers the same advantages as a saw horse plus much more.

Last year health and safety inspectors issued over 2000 notices and written warnings to construction companies performing work at height unsafely.

**DON'T GET CAUGHT WORKING OFF YOUR SAWHORSE Staffy Low Rider • 3-in-1
Sawhorse - Trestle - Scaffold**



Not acceptable

STAFFY LOW RIDER TRESTLE
Use with your existing Staffy Tough Tower parts or timber builders planks.

FREE
ALLOY TOP-CAPS
(FOR SAW HORSE USE)

\$299 EXCL GST
#SLR01



- Use with Staffy mobile scaffold parts
- Industrial strength - 300kg rated
- Over 3m reach height
- Platform height 650 - 1050mm
- Sawhorse use by screwing timber to alloy top caps
- Lightweight alloy construction
- Use with timber scaffold planks
- No trip hazard with Staffy platforms (due to no overlapping)
- Increases safety and productivity

www.staffy.co.nz • info@staffy.co.nz
0800 STAFFY (792 339)



MAKE SAFETY A PRIORITY

CHIPPY CATCHER - FALL THROUGH PROTECTION

The Chippy Catcher is a knitted polyethylene fabric installed to create fall protection when working above residential framing which isolates workers from the hazard of falling from above the wall height to the floor below.

- Designed for both timber and steel framed construction methods.
- No down time waiting for independent contractors.
- Simply cut out and remove once it's no longer required -

- larger pieces can be re-used on the next project.
- Won't hold water.

For more information visit:
www.chippycatcher.co.nz



FALL-PAC

SAFETY NETS

Fall-Pac safety net system has been developed to cope with the extraordinary demands of NZ residential construction.

Fall-Pac have partnered with Rombull Ronets to offer a supply and install package of safety nets to the construction industry. The nets conform to EN1263, the brackets have been independently tested by a structural engineer to confirm compliance with industry standards, and all installers have been trained to FASET standards.



Give your plans to your ITM store and Fall-Pac can produce a quote. Fall-Pac can also arrange the install and removal. Currently available at ITM Stores in these areas: Whangarei, Auckland, Hamilton, Rotorua, Napier, New Plymouth and Christchurch.

SOFT LANDING SYSTEMS

Fall-Pac bags are available in 2 sizes, 2500x644mm and 1250x644mm. The bags are polypropylene, manufactured to ISO 9001 standards, filled with chipped polystyrene pieces. They are NOT airbags or beanbags. Each 2.5 Lm bag is lightweight, waterproof, fire retardant, hardwearing, and covers 1.6m² of floor space when laid flat. One layer of bags gives effective protection from falls up to 2.8 Lm to the top of the bag.

These bags are the ONLY bags in New Zealand to comply with the PAS 59 2014 Revision and are fully compliant with Worksafe NZ requirements. The bags are hired on a daily basis and are delivered and collected from site. The bags MUST be fitted in accordance with the recommendations to ensure maximum protection.



ROOF WORKERS HEIGHT SAFETY KIT

Kit Contains:

- 25 metre sharp edge polyimide rope - with TYPE 1 fall arrestor
- Fall arrest harness with front and rear fall arrest attachments
- 1 metre round anchorage sling
- Miller back pack carry bag
- Certified to AS/NZS 1891.1:2007.
- Suitable for construction, general maintenance and roofing applications.

#HS-12AND0510-NRO2

\$449 EXCL GST



MILLER
by Honeywell



The ITM 500 at Pukekohe over Anzac weekend attracted some 128,000 fans (up 10,000 on 2013). As major sponsor, ITM made the most of the event with over 1,000 members, customers and suppliers attending and enjoying some exclusive ITM 500 experiences.



24-27 April 2014

RACE WINNERS WERE:

Mark Winterbottom (100km race)
Shane van Gisbergen (100km race)
Mark Winterbottom (200km race)

BUSINESS PLANNING AND PRICING

Having a plan and getting your pricing right will help your new business survive the early years. Here's what you need to know.



THIS IS THE SECOND OF 6 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.

Starting a business requires planning. Business plans can be simple – just four or five sheets of paper pinned to a wall can do the job.

You can write a plan yourself, or work from a template. You can find a free template at www.business.govt.nz.

A business plan should cover:

- what the business does
- where it aims to go
- what it will cost to get there
- what has to be done to make it happen.

Advantages of planning include:

- you can spot and deal with weaknesses
- a plan gives direction and measurable targets
- involving employees can boost their commitment
- businesses with a plan tend to perform better.

FINANCIAL BUDGETS AND FORECASTS

The plan should have income and expenditure forecasts, including profit and loss for the next year, a balance sheet and cash flow forecast. An accountant can help with this.

Cash flow is money coming in from sales and going out to pay bills. Timing is crucial – profitable businesses can fail if they can't pay bills on time. Forecast when you think cash will come in and go out. Be conservative estimating income, and don't forget tax payments.

Common cash flow problems include:

- taking too much money for personal use
- buying costly equipment instead of hiring when little cash is coming in
- doing too much or too little business and not having cash flow to cope.

PRICING

No matter how good you are on the tools, price jobs too high and you may lose work, price too low and you lose money.

Estimating the time to do a job is tricky, especially for renovations where problems like rot are not visible until work begins. Tag your estimate so you

do not bear unexpected costs and your client knows they may have more to pay.

Be specific about what a price covers and what it doesn't, and what tags allow for later changes.

CHARGE-OUTS

Costs for things like office overheads, vehicle running costs, tools and insurance need to be recovered in charge-out rates. Work out what needs to be applied to every chargeable hour.

For example, an employee may earn \$30 an hour, but their charge-out rate to clients might be \$45.

Rates are typically different for qualified or licensed carpenters, apprentices and labourers.

Charge-out rates should allow for non-working time (annual leave, public holidays and sick leave) and costs such as ACC.

Both Master Builders and Certified Builders have information to help new members calculate charge-out rates.

PRELIMINARIES

Preliminaries are not covered by charge-out rates or materials, but still need to be recovered from clients. For example, adding a second storey to a house needs:

- skip bins
- scaffolding
- weather covers for the roof
- final cleaning.

MATERIAL TAKE-OFFS

Working out material quantities needed for a job can take time:

- for large jobs, use a quantity surveyor
- use a merchant's service
- create spreadsheet templates
- use handbooks such as Rawlinsons.

Builders typically add a margin (normally 10%) onto actual material costs.

SUBCONTRACTOR PRICING

Where possible, get subcontractors to price their work – although sometimes estimating for them is the only way to complete a quote on time. (Where this is done, tag the estimate.)

Main contractors who co-ordinate subcontractors commonly apply a margin (normally 10%) to the subcontractors' prices.

ESTIMATING, QUOTING AND TENDERING

An **estimate** is a calculated guess at what a job will cost. While builders are not bound by estimates, they should be within 10-15 % of final cost, provided sufficient information is available.

Clients may request an estimate without consent drawings. Explain that an estimate is difficult to make just on concept drawings.

A **quote** is an explicit promise based on detailed specifications and is the price the client is expected to pay barring matters outside the builder's control.

A **tender** is an offer to carry out work according to a set of documents for a stated price. If some details are not available at the time of tender, add tags to submitted tender documents to show costs of additional materials and/or time that may be necessary.

To help establish credibility in tendering:

- only tender where you can prepare a comprehensive tender
- get prices from subcontractors
- seek clarification where there is not enough information
- carefully explain tags
- tell the client you are happy to discuss the tender.

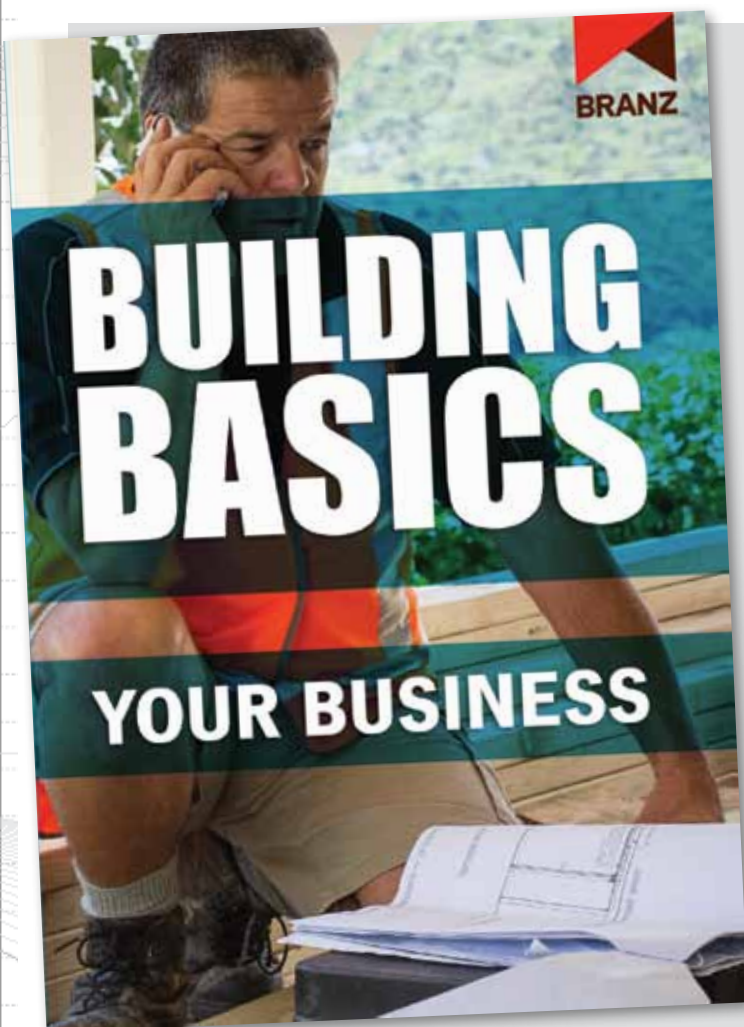
PRIME COST (PC) AND PROVISIONAL SUMS

A **prime cost** (PC) sum is an estimate made where materials – things like taps and light fittings – are not specified. Typically, the client pays the actual cost.

A **provisional sum** is an estimate for materials and labour. For example, a builder may allow for kitchen cabinets based on an average market rate per metre of cupboard space. However, the final price from the kitchen manufacturer will be based on a design agreed with the client.

The contract price is ultimately adjusted by omitting the provisional sum allowance and adding the actual expenditure (including mark-up if any).

Communicate openly and clearly with a client, especially around tags in estimates or tenders. Explain how PC and provisional sums have been calculated and how final costs will be calculated.



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.

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.



POWER TOOLS

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When you spend over \$350 or more on any of these products*

*Limit of one per account
Strictly while stocks last



18V Combo Kit

- DHP458 hammer driver drill
- DTD146 Impact driver
- 2x 3.0Ah batteries
- Charger and carry case

#DLX2005



\$679 EXCL GST



BONUS

3.0Ah Battery

26mm Rotary Hammer Drill

- New model with AVT technology
- Accepts SDS+ drill bits and chisels
- 3 mode switching
- Quick change to standard drill chuck

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\$439 EXCL GST



BONUS

SDS Bit Set

18V LXT Auto Feed Screwdriver

- Makita built 4-pole motor design with dual steel ball bearings provides maximum torque
- New silent clutch
- Takes 25-41mm screw strips
- 2 x 3.0Ah Li-ion batteries

#DFR450RFEX



\$689 EXCL GST



36V Cordless Circular Saw (Tool only, no batteries)

- Powered by two 18V Li-ion batteries in series
- As powerful as Makita AC model
- 190mm blade diameter
- 4,800 rpm

#DHS710Z



\$409 EXCL GST



18v XR Li-Ion Drill/Driver Kit

- 13mm keyless chuck
- 2 x 4.0Ah Li-ion batteries
- Multi-voltage charger, belt hook, magnetic bit holder, side handle, heavy duty kit box
- 3 speed, full metal transmission

#DCD985M2-XE



\$639 EXCL GST



FREE

Recip Saw DCS380N

18V Li-Ion Brushless 4.0Ah Combo Kit

- DCD795 18V XR Li-ion 2 speed hammer drill/driver
- DCF886 18V XR Li-ion impact driver
- 2 x 4.0Ah Li-ion batteries
- Heavy duty DS150 tough system kit box
- New DeWalt brushless technology for increased battery efficiency

#DCK250M2-XE



\$849 EXCL GST



FREE

Recip Saw DCS380N

18V Pro Series Twin Pack

- 13mm pro series Impact Drill (DV18DSDL)
- Impact driver (WH18DSAL)
- New: 2 x 5.0Ah energy Li-Ion batteries

#KC18DKL(GB)



\$719 EXCL GST



262mm Slide Compound Mitre Saw

- Soft start and electronic constant speed control
- Belt-drive for optimum power and safety
- Cut 100 x 100mm timber in one pass

#C10FSB



\$1079 EXCL GST



BONUS

Mitre Saw Stand

PROBLEMS WITH YOUR TIMBER ENTRY DOOR?

Have you installed a timber front door that has bowed and twisted?

Timber is made up of porous cells which when dry (ideally 12-14% moisture for doors), the cells become hollow. If the door has not been finished with the correct product, on all sides, these pores will fill with moisture, causing it to swell. As the timber dries out again, it will bow, twist, crack and split.

So what can you do? Timber front doors CAN and WILL be successful if they are put in the right place and looked after suitably. Firstly, you can make sure they are only put in weather protected areas. That is, they should have a maximum of 5 hours direct sunlight, and have shelter of at least 1200mm - more if the door faces the prevailing wind. Also, make sure the door is sealed on ALL sides and edges, using the right products (check the manufacturer's instructions and warranty).

Other solutions?

Check out the Parkwood powder coated aluminium or engineered fibreglass entry doors. Good brands have a 10 year warranty in conditions fully exposed to New Zealand weather. They now come in a range of styles and designs, and can be finished to look exactly like a painted or stained timber door.



For more information, visit your local ITM Store or www.parkwooddoors.co.nz.



On the job, you need light without the glare.

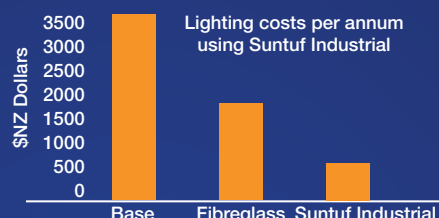


New Suntuf™ Industrial.

NEW

Cost Effectiveness

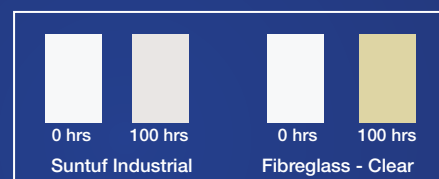
Suntuf Industrial can reduce artificial lighting by up to 83% over a 10 year period. Significant financial savings can be achieved over a 25 to 30 year period as it does not lose its light transmission over time.



Source: Bassett Applied Research - Natural Lighting and Energy Modeling Study

Resistance to UV Radiation

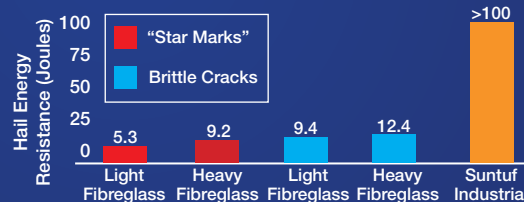
Suntuf Industrial's resistance to UV radiation is far superior to that of fibreglass. Suntuf Industrial will not yellow, and retains its clarity for many years. (Simulated UV exposure results are graphically depicted.)



*Roughly equivalent to 5 years of actual exposure

Hail Resistance

Suntuf Industrial exhibits much greater resistance to high velocity impact (hail simulation tests) than a leading fibreglass panel.



>100



- Anti-glare polycarbonate sheeting
- Even lighting with no shadows
- Strong, virtually unbreakable

- 99.9% harmful UV resistant
- Superior long term light transmission
- Any profile can be matched (minimums may apply)

Available from all ITM stores.
Visit buildingbrands.co.nz for more information.
Email info@psp.co.nz for a sample.



PROTECTING RETENTION PAYMENTS IN THE BUILDING INDUSTRY

It is a common practice in the construction industry for a portion of the progress payments due to contractors and subcontractors to be withheld well beyond the date when they would normally be payable. These amounts are known as retentions. A REGULAR COLUMN BY GEOFF HARDY AN AUCKLAND COMMERCIAL LAWYER

Typically 5-10% of each progress payment is withheld, and eventually the accumulated amount is released in two instalments – 50% on practical completion, and the other 50% on satisfactory completion of the residual work that was notified during the defects liability period.

“Payments are withheld to ensure that the contractor or subcontractor achieves practical completion and then promptly completes any remaining work.”

The reason why these payments are withheld is to ensure that the contractor or subcontractor achieves practical completion and then promptly completes any remaining work and rectifies any defective workmanship or materials. It is understandable that he would need some incentive to do that. Contractors are usually ramping up work on one project while winding down work on another. It is simply human nature that they are going to be more motivated to do stimulating

work that they are going to be paid for, rather than tedious work that they are not going to be paid for.

When Mainzeal Property and Construction Ltd recently went into receivership, it was owed \$11.3m in retentions alone, and it in turn owed \$18.3m in retentions. That \$18.3m was money earned by subcontractors, but they will be lucky if they see any of it. They were unsecured creditors of Mainzeal, so their money (or what is left of it) goes into the general slush fund that is available to all creditors. They rank behind the secured creditors (the banks and the suppliers) and the preferential creditors (the receivers, liquidator, employees, IRD, and miscellaneous others). That situation is not unique to Mainzeal, it is simply the outcome of our insolvency laws. And not surprisingly, subcontractors and their trade associations are now agitating for greater protection.

COMMERCIAL CONTRACTORS ARE AFFECTED THE MOST

Retentions are relatively rare in residential building projects and large infrastructure projects, so it is mainly commercial contractors and subcontractors who have to assume the risk and the cash flow consequences of having to put up with retentions.

The biggest risk for contractors and subcontractors is that the party on the next level up from them in the pecking order might go bust while still owing them the money they have earned. That money might be for work that has recently been invoiced, or it might be retentions for work done months, if not years, ago. It is common for commercial building contracts to provide for defects liability periods of up to two years, and those periods may run from when the head contractor finally achieves practical completion of the entire project, not from when the subcontractor finished his component of the work.

“The biggest risk for contractors is the party on the pecking order above them might go bust while still owing them the money they have earned.”

Even if the next party up in the pecking order doesn't go bust, the cash flow consequences of having to put up with retentions can be crippling. The amount held can often be the contractor's profit margin on the job. It is bad enough when the building contract says you have to wait for two years or more for the last 50% of your retentions to be released. It is even worse when your retentions are illegally withheld beyond the time when they should have been paid out – either without any justification at all, or on some flimsy pretext such as alleged defects that have no real substance. The problem is that the parties higher up in the pecking order go into the project relying on retentions as their working capital, and they price their jobs accordingly. So they simply can't afford to pay them out promptly.

REFORMS ARE ON THE WAY

The good news is, the Government is doing something about it. In fact, Governments all around the world are doing something about it, because it is a global problem. The possible solutions include promoting better business practices in our construction industry, encouraging subcontractors to use the Construction Contracts Act more, reducing the amount of retentions to reflect the true risk, reducing the periods for which they are held, requiring retentions to be held in trust, setting up a separate, stand-alone bank account for each building project to assist with transparency, enabling contractors and subcontractors to offer payment bonds in lieu of cash retentions, and requiring principals and contractors to provide payment bonds to those underneath them.

Subcontractors generally favour the trust arrangement. If retentions are held in trust for the parties to whom they are owed, then that money does not belong to the party that is holding the money. Consequently, if the party holding the money goes bust, the receivers or liquidators, and the secured and preferential creditors, can't touch it. That is fine in principle, provided the trust funds remain intact, but the reality is that the funds might be held in a bank account mixed up with other money, or more likely they will have been spent as working capital.

In that case, the subcontractors are left with a right to sue for breach of trust. But who to sue? It is no use suing an insolvent developer or head contractor. So logically you would make the directors or senior management of the developer or head contractor liable for breach of trust, so they have an incentive to make sure that the money remains intact. You could leave that to their discretion, or you could impose a very regimented system on them such as the one lawyers have, with examinations on the relevant rules, monthly certificates to be filed, periodic audits by inspectors, and a requirement on the whole industry to maintain a fidelity fund from which to pay out subcontractors who were deprived of their money.

“The good news is, the Government is doing something about it... because it is a global problem.”

Theoretically the inability to use trust funds as working capital drives up the cost of construction, but that has not deterred the reform movement. The state governments of Maryland and Oklahoma, Western Australia, and some Canadian provinces all require retentions to be held in trust accounts. You can even go so far as to require that all retentions are paid into a Government-run trust account, which is what New South Wales proposes to do. Obviously that creates another bureaucracy whose costs may or may not outweigh the benefits to be gained, but that is not on the New Zealand Government's agenda at the moment. Their proposals are expected to be announced by June or July 2014.



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.

FIRTH RIBRAFT IS CODEMARK CERTIFIED®

What is CodeMark? What are the benefits?

CodeMark is proof of Product Certification from the Department of Building and Housing. It shows that a building product or system meets the requirements of the Building Code - as long as it is used as specified.

A CodeMark certified product or construction method must be accepted by any building consent authority as complying with the Building Code.

Firth RibRaft® is the only floor or foundation system to be awarded CodeMark. In the case of the Firth RibRaft® Foundation System a draughtsman or architect can design a RibRaft® floor by using the RibRaft® Technical Manual to follow the steps of its 'site check' and 'building check'.

For the majority of houses being built in New Zealand getting the benefits of a RibRaft® Foundation System is easier than ever; and as long as the designer is satisfied that the site and the



structure built on the RibRaft® meet the conditions of the RibRaft® Technical Manual then specific design isn't required.

This means that a consulting engineer is not required for the design and a PS1 will not be needed.



RIBRAFT®
CONCRETE FLOOR TECHNOLOGY



POD FLOORS

Pod floors were introduced in New Zealand in the mid-nineties and have now become the most popular flooring system on the market.

UNIMAX SPACER



NZ Design App.418603

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BUILDING
BASICS
BOOK**



When you spend over \$350 or more on any of these products*

*Limit of one per account
Strictly while stocks last

RibRaft®, Pod Floors or Waffle Foundations, whatever you call them, are the predominant flooring system for new home builds and are used extensively throughout the country. The pod floor design offers an insulated slab with superior strength especially in earthquake prone areas. There has been huge growth in Christchurch, mainly due to the rebuild. With the extreme seismic activity in this area, pod floors are a simple solution to a difficult situation.

Expol manufactures pods in Auckland, Wellington, Blenheim and Christchurch for use in

all pod floor designs. Expol offer the full range of spacers available on the market including the new Unimax spacers.

The new Unimax spacers were developed to provide flooring contractors with one spacer that does everything which in some cases eliminates three other spacers. The Unimax spacer system will achieve any size thickening or edge beam that has been specified in the engineers design.

Unimax spacers have been welcomed into the industry with positive feedback that includes cost effectiveness, easier take-offs for spacer quantities and time savings onsite.

To find out more about Expol products visit your local ITM Store or go to www.expol.co.nz



GIB® PLASTERBOARD SYSTEMS

BEST PRACTICE SERIES

No.4 WALL INSTALLATION

For best practice, and to avoid time-consuming and costly call-backs, Winstone Wallboards recommends the following best practice guidelines when installing GIB® plasterboard on walls. Framing dimensions and structure performance must comply with the requirements of NZS 3604:2011.

For full information, please refer to the latest edition of the GIB® Site Guide. Alternatively, contact the GIB® Helpline on 0800 100 442 during business hours.

For free on-site training, book online at gib.co.nz/training or call the GIB® Helpline.



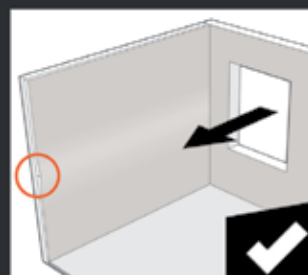
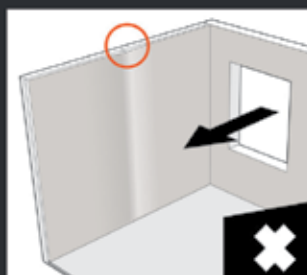
LOOK BEYOND THE SURFACE®

7 THINGS TO CONSIDER WHEN INSTALLING A QUALITY WALL.

These recommendations are not a substitute for the full information contained in relevant GIB® technical literature ('GIB® Site Guide - Jan 2010' & 'Interior Finishing - Mar 2013').

STEPS

- 1 Ensure timber framing is dry and straight before fixing GIB® plasterboard. This will help prevent shrinkage, cracks, nail popping or other problems in the future.
- 2 Fixing GIB® plasterboard sheets horizontally instead of vertically on walls reduces the number of joints, helping to achieve a more uniform appearance.



Horizontal fixing reduces the risk of shadowing from glancing light.

- 3 With curved walls, plasterboard sheets must be fixed horizontally.
- 4 Hold the plasterboard sheet tight against the framing and sink screws to just below the sheet surface, leaving the paper intact.
- 5 Do not fix nails or screws through; or closer than 200mm to adhesives. This can cause the nails or screws to 'pop' as the adhesive dries and shrinks.
- 6 Vertical joints must not coincide with the edge of windows or doors. These should be made above the opening, approximately 200mm to the edge of the opening.
- 7 AS/NZS 2589:2007 calls for control joints to be placed in walls at maximum 9m spacing in each direction or at other points which may be the subject of underlying structural movement. This is to relieve stresses imposed by structural movement or changes in humidity and temperature.



GIB® is a registered trademark.

WHAT DRIVES TIMBER PRICES IN NZ?

The steady increase of timber prices has been in the headlines a lot recently. Red Stag Timber, a leading NZ sawmill explain some of the key reasons behind the price rises.

Sawmilling, at its most basic, is a simple industry. Sawmills buy logs, cut them into a large number of different sizes and grades of timber, dry/dress/treat some or all of the timber, and then sell all of the timber to a wide variety of customers in NZ and overseas. At the end of the month, the accountant works out how much was earned and what it all cost. Hopefully there is a little left in the bank and we get to do it all again the next month.

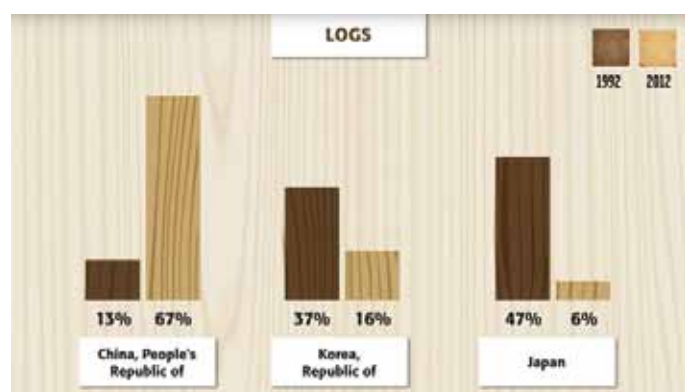
THE MAIN COSTS EACH MONTH ARE ROUGHLY:

- Logs (58%)
- Labour (8%)
- Treatment chemicals and other raw materials (7%)
- Maintenance (5%)
- Electricity (4%)
- Sea Freight and Road Transport (12%)
- Other (6%)

Nearly all of these costs have increased every year, just as they have for most NZ businesses. At Red Stag Timber, we've spent a lot of time and effort in controlling the costs. We've installed new machinery that increases the productivity of the people working at each process, improves the conversion from logs to timber, or improves the grade yield of structural products.

THE PRICE OF LOGS

However, there is one area outside of our direct control; the price of logs. NZ forestry produces a globally traded commodity which has seen a surge in demand over the last few years. The increase in demand has increased the price Red Stag Timber has to pay to secure the volume of logs required to keep the sawmill going. The major source of this demand is from China, as shown in the graph below:



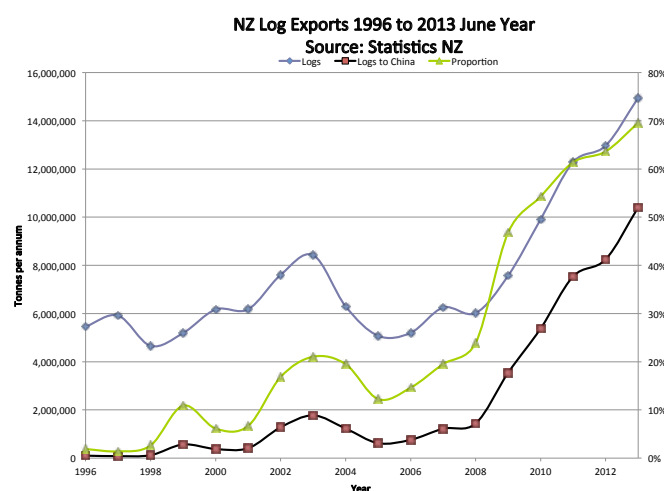
Source: NZ Herald.

In 1992, Japan and Korea were the two main log markets accounting for 84% of all exports. China accounted for a further 13% and all other markets were 3%. Fast forward to 2012 and China now dominates the log export market with 67% of all exports. In 2013 it has increased further to 72%. Japan and Korea have dropped to less than 25% and will drop further.

But what these figures don't show is how quickly the change took place.

RAPID DEMAND

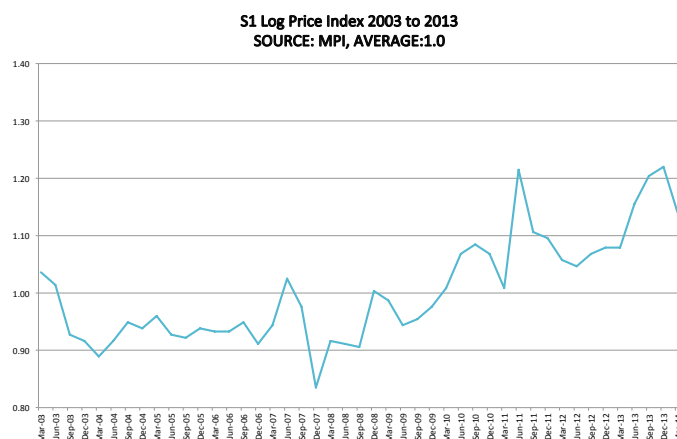
Japan and Korea remained the main log export markets for 17 of the 20 years between 1992 and 2012. Only in the last 3 years of that period did China shift its log purchasing from Russia to NZ. This rapid change was driven by a number of factors affecting both the supply and demand for forestry products around the Pacific Rim in 2008/2009. For NZ, the effect on log prices hadn't been seen since the early 1990's.



Source: Statistics NZ

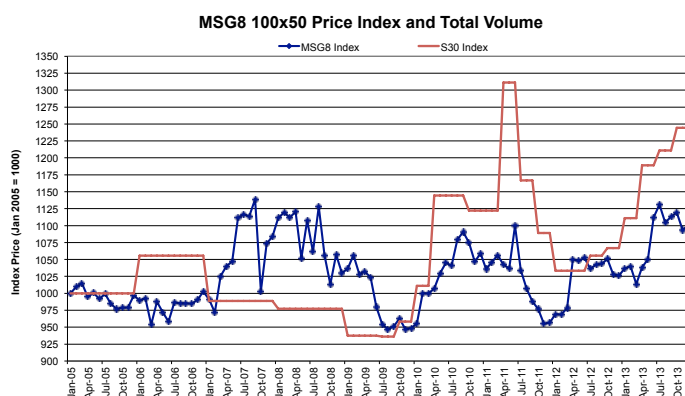
Log prices between 2000 and 2008 had remained relatively steady. Prices are generally negotiated quarterly between forest manager and NZ sawmills and for the main structural log grades they remained within a +/-5% band. This level of variation was expected and could be managed through the supply chain without significant disturbance. In late 2009, prices began to increase beyond this range, and increase very quickly. Prices quickly spiked to 25% above the previous average and this sent a shockwave through the industry. Then, just as quickly, prices returned to "normal"

before starting to climb steadily through 2012 and 2013. Log prices in 2014 are again more than 25% above the average of 2003 to 2008 and this has led to a series of increases in the price of timber.



Source: Ministry for Primary Industries

Structural timber prices in NZ roughly follow the price paid for the logs. There are periods where demand exceeds supply causing prices to temporarily increase, just as there are periods where supply exceeds demand and prices temporarily decrease. But over a longer time frame, logs drive timber prices. The increase/decrease/increase in log prices since 2009 has seen timber prices react in the same way.

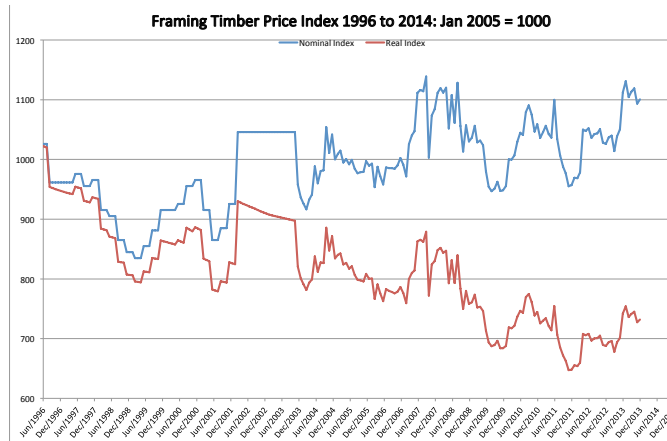


Source: RST

TIMBER IS RELATIVELY PRICE STABLE

Between 1996 and 2014, the nominal price of structural timber sold by sawmills has mostly varied by less than +/-10%. Over the same period, the Reserve Bank reported that inflation averaged 2.2% per annum and totalled 48%. If the price of timber had kept pace with inflation, a price of \$3.00/LM in 1996 would be \$4.44/LM today.

The cost of some building materials such as electrical cables, plumbing supplies or metal roofing have increased significantly over the last 20 years. Even considering the recent rises in structural timber prices, timber is still the most price stable building product in NZ.



Source: RST / NZTIF



Source: Statistics NZ, BRANZ

NZ sawmillers are now exposed to the global price of the logs they buy. There are other factors that influence the price of timber in the short term, but nothing has the same effect as log price over the longer timeframe.

Red Stag Timber has invested significant capital over the last 10 years to become the most efficient sawmill in NZ. We are committed to providing competitively priced structural timber products in NZ and working with our customers to minimise the effects of any pricing variability so we can grow our businesses together.



Source: Red Stag Timber's Wooden Mountain Bike



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THE GREAT APPRENTICE RACE

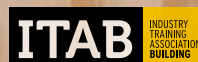
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ANOTHER GOOD CALL

CAN I GET INSURANCE FOR BREACHING HEALTH & SAFETY LAW?

Whether you agree with it or not, the reality for everyone in the construction sector is that ensuring workplaces are safe is not negotiable. Unfortunately, despite the best intentions of employers, sometimes things happen.

Enforcement actions in the construction industry for inadequate height protection have risen nearly 500% in the past three years but prosecutions have fallen 90%.* This is largely due to the “falls from height” campaign and more proactive action by inspectors. Unfortunately, construction is still in the top five for workplace fatalities in New Zealand.

The vast majority of builders we deal with recognise the importance of good health & safety practices. However, most also subscribe to one or more of the following views:

- Regulation is over the top
- Compliance costs are a heavy burden on a small business
- There's no personal responsibility anymore

If an injury occurs and a WorkSafe NZ investigation determines that it could have been prevented, you could face a fine and/or prosecution. Under the current law workplace bullying is also considered a hazard, and failure to prevent it could be a breach of the law.

New legislation has recently been introduced that is expected to replace the Health & Safety in Employment Act with the Health & Safety at Work Act later this year. Among other things, this will:

- increase penalties
- clarify that your responsibility is not just for your employees, but also for sub-contractors, employees of sub-contractors, hired labour, apprentices, workers on trial and volunteers.
- highlight that you're also responsible for them wherever they go when they are at work, for example if they need to drive down to the merchant to pick up some materials
- put more onus and legal requirements on managers and company directors to manage risks and keep their workers safe

Although the law specifically states that you can't insure against fines under health & safety legislation, you are able to get insurance for the legal costs of defending an action, and for reparation payments that may be awarded.

STATUTORY LIABILITY INSURANCE

Known as statutory liability insurance, it provides protection for:

- the legal defense costs associated with breaches of most legislation, including the Building Act, Consumer Guarantees Act, Fair Trading Act, Resource Management Act, Health & Safety in Employment Act and others (but excluding criminal and tax statutes)
- the costs of an investigation or inquiry
- fines or penalties you may be required to pay under these acts (except for health & safety fines)



In addition to legal and investigative costs, examples of fines you may be exposed to include:

- Building without a consent when required – maximum fine \$200,000
- Complaint to the Building Practitioners Board – maximum fine \$10,000
- Breaching the Resource Management Act – maximum fine \$600,000 plus \$10,000 per day

And new fines penalties are regularly being introduced, such as:

- Building without a written contract when required – maximum fine still to be confirmed
- Failure to supply a pre-contract declaration – maximum fine still to be confirmed

As we become more regulated (and let's face it, this is a one way train) and as enforcement of this regulation increases, it's worth thinking about having insurance to cover this risk.

*Otago Daily Times, OIA request to WorkSafe NZ

Builtin New Zealand is a specialist in insurance, bonds and independent guarantees for the construction industry.

For more information visit www.builtin.co.nz, email Ben Rickard at ben@builtin.co.nz or call him on 0800 BUILTIN.



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It blows my mind that a regular kiwi angler can get in their tinny and trundle out for the day from a local boat ramp and catch the mightiest of all big gamefish.

Man, what an incredible place we live in, New Zealand that is. I'm smitten with the lifestyle up here in the North, the weather, the fishing, the people, and there is equally as much to love about most coastal and regional parts of New Zealand where fishing, diving and hunting is accessible. But back to the North, and the latest thing that amazes me about what we have on our doorstep, swordfish.

On any given weekend (or calm work day for that matter) guys are catching swordfish on their own gear and from their own boats that most elite international big game anglers would envy.

We're now in our third consecutive autumn where there have been record numbers of swordfish being caught. Is this due to an increase in swordfish numbers? I'm not so sure, but there definitely has been more effort, and with more effort comes more success, and with more success comes more anglers. And with more anglers putting in more effort, even more get caught! And so it goes on...well until the swordfish numbers drop to the point where the success isn't so good, then the effort will subside.

If we replace the word 'success' with 'profit' in the paragraph above, it describes a pattern that has been repeated over and over for centuries in commercial fishing. This boom and bust effect is exaggerated with big game fish, because they are apex predators there are fewer of them.

So when we've got a booming fishery like we have right now with swordfish, wouldn't it be nice to keep it abundant so the success can continue for more than a few short boom years?

There are no restrictions on how many swordfish an angler can take, or the method to catch them. But up until a couple of years ago there was no need to restrict the recreational swordfish catch because they were hard to catch - not because there were less swordfish, but because anglers would have to venture out a long way off shore at night and fish for swordfish in the darkness.

At night swordfish are much harder to hook, and generally speaking they fight much harder after dark too. But since the spread of the deep day dropping technique, it's become as easy as dropping a bait for a hapuku.

There are recent examples of guys catching four or more swordfish in a matter of days and killing all of them, and still going out for more! Sure when it's a few guys doing this, it pales with the commercial catch, but with more and more people joining the 'swordfish gold rush', perhaps we need to consider the cumulative effect of the rec fishing effort, and consider doing our bit on an individual level.

Lets keep this place of ours in good shape - it really is amazing what we have. Hey why not make it even better!?

Keep 'em tight

Matt Watson.

Matt

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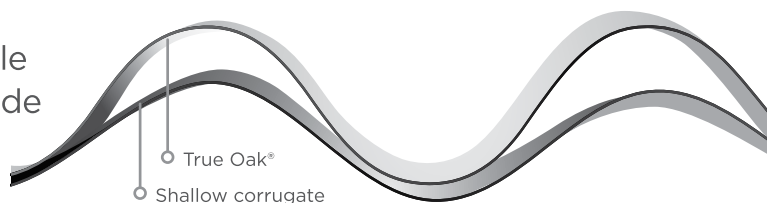
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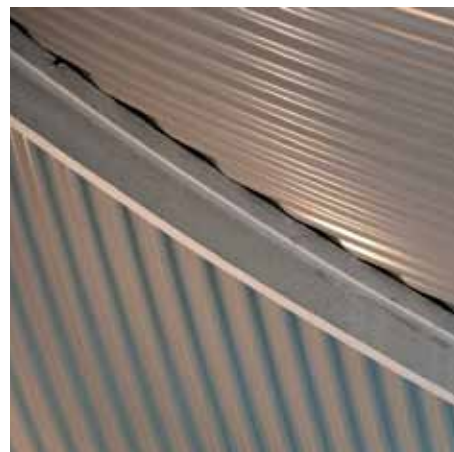
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* Refer to Roofing Industries technical literature.

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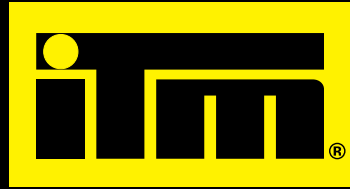
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