



## MEDIA RELEASE

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### Survey reveals Kiwi homeowners' complacency when building or renovating

The results of a survey released today by NZ Certified Builders (NZCB) show New Zealanders are still too laid-back about having written contracts and guarantees for building work, and that most are not actively requesting seismic work when undertaking a build or renovation.

The survey found that 50% of homeowners who had used a builder to renovate or build a home in the last 10 years, mostly in the past two to five years, did not have a written contract. Of the work done without a written contract, 23% was for work valued at over \$30,000.

NZCB Chief Executive Grant Florence says this level of complacency about written contracts is consistent with the findings in NZCB's previous survey undertaken in 2016, and it is worrying that this is still the case despite the fact that legislative change in 2015 made written contracts mandatory for building work over \$30,000.

"For our part, NZCB provides our member builders with template contracts to help ensure they adhere to the highest professional standards. But it's also really important for homeowners to be proactive in asking whatever builder they choose for a written contract, ideally for any job regardless of the size and cost," said Mr Florence.

The survey also revealed that only 44% of homeowners had a building guarantee in place for their last build or renovation in the past 10 years, 47% did not have a guarantee, and 8% were unsure.

"While the majority of respondents believe their builder should have responsibility for addressing any problems with their building work, without a written contract and a robust building guarantee when undertaking building work, homeowners are exposing themselves to significant risk, as are builders.

"That's why NZCB introduced our own proprietary building guarantee in 2016, called Halo, which we require our members (on a mandatory basis) to apply to every new home build or building alteration over \$30,000 that they undertake," said Mr Florence.

The most comprehensive building guarantee currently available in New Zealand, Halo stacks up well against other building guarantees in a recent *Consumer NZ* comparison. As well as being underwritten by Lloyds, it is independently managed, which ensures there is no conflict of interest in the management of claims. Comprehensive coverage and financial strength were the two most highly-ranked attributes sought for a building guarantee by survey respondents.

"Given that only about one third of all builders in New Zealand are members of NZCB, there is obviously a lot of work being undertaken by other builders that do not have access to Halo and do not have the same imperative as our members to ensure there is a building guarantee in place for high-value work. This again reinforces the need for consumers to be proactive about the whole contractual arrangement," said Mr Florence.

In addition to complacency about the paperwork, the survey also indicates that homeowners could be more proactive about managing potential seismic risks. Less than one in five respondents that had undertaken building work in the last 10 years said they had seismic work actively included in their last build or renovation.

"The data suggests that although there were small increases in people actively specifying seismic work as part of a building project immediately following the 2011 and 2016 major quakes, this tends to taper off and be less 'front of mind' for Kiwis as time goes on," said Mr Florence.

NZCB, which celebrates its 20<sup>th</sup> Anniversary this year, is focused on raising standards in the industry, including by requiring builders to hold a formal trade qualification to be eligible for membership and providing ongoing skills development.

"We're focused on quality because we know that this is ultimately what consumes care most about and the results of our survey echo this. Having a reputation for high quality work, professionalism, and holding formal trade qualifications, were the top three attributes respondents said are most important when choosing a builder. Interestingly, price and providing a fixed quote were ranked the least important," said Mr. Florence.

One thousand New Zealand homeowners completed the survey during April 2018, which was conducted by Curia Market Research.

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