

On the Job

INDUSTRY TRENDS & INSURANCE UPDATES



Welcome

Welcome to the autumn edition of *On the Job*.

While the weather is cooling down, the building and construction industry is heating up.

The construction industry enjoyed a strong start to the year with broad based improvements in both residential (including apartments) and commercial construction. The Ai Group's Performance Construction Index (PCI) rose 1.5 points to 54.3 in January indicating that activity levels improved – marking improved activity levels for 12 straight months.

The strongest contribution came from commercial construction – and the MBA is predicting the Aussie economy will get a \$42 billion injection this year thanks to activity in the commercial construction industry (with the 14.5 per cent growth helping to offset an expected small moderation in the value of resi work and consolidation in the engineering sector). Home builders and engineering constructors also reported healthy gains while apartment builders enjoyed a second consecutive month of improvement, according to the PCI.

Off the back of rising activity levels, hiring levels also grew to the highest level in six months. The strong increase in employment coincided with capacity utilisation across the sector lifting to 83.4 per cent – the highest recorded in the decade-long history of the index.

In this edition:

- drones in construction work
- review your insurance cover
- new payments platform and cyber risk
- wellness movement and housing.

We hope you enjoy this edition of *On the Job*.

The BuildCover and TradesPlus teams

Game of drones

The construction industry is taking to the skies with drones, but what are the risks?

Now that you can buy a drone for less than a hundred bucks and flocks of the machines are filling the skies at weekends, the use of remotely piloted aircraft systems (RPAS), or drones, is set to boom in the construction industry.



In 2016 the Civil Aviation Safety Authority relaxed regulations around commercial drone use and many industries are now tapping into the technology. A report by PwC says the global drone technology industry will be worth US\$127 billion by 2020 and Aussies will spend an estimated US\$3.1 billion on drone-related tech by 2021.

Based on figures from the Australian Association for Unmanned Systems, there are more than 1,200 [commercial operators](#) in Australia who hold a remote operator's certificate. In addition, there are 7,700 individuals or companies that provide drone services under the '[excluded category](#)' (which includes any RPAS device under 2kg and flown for commercial reasons). And according to the Australian Transport Safety Bureau the number of drones in Australia doubled between 2016 and the close of 2017.

'Commercial usage' can extend to any drone flown for purposes other than sport or recreation, which means that even if the drone is not being flown directly for income or is not the core service of a business, it can still be classified as a commercial operation. For example, a plumber may use a drone to conduct a roof inspection and, although the drone isn't being used to sell the plumber's service, this type of operation would be considered commercial.

Players in the construction industry are already taking to the skies and using drones (also known as unmanned aerial vehicles or UAVs) for a myriad of purposes. These include:

- Land surveying – providing greater access and insights into a property or terrain, especially sites which are otherwise inaccessible or require specialised equipment to reach a specific point
- Inspections – infrastructure, property and equipment (e.g. roofs, chimneys, trees, bridges, power lines, scaffolding, cranes etc.)
- Collecting and reporting data – which allows work to be completed faster
- Aerial photography – at a fraction of the price of hiring light aircraft for the task and with more accurate and realistic aerial images – for surveying, mapping and creating 3D renderings of a project
- Safety – detecting and monitoring potential hazards and issues on-site
- Showing progress to clients, investors and/or lending institutions – real-time tours through videos, images and 3D maps
- Communicating between sites – potentially including using drones to transport items around and between sites
- Site security – using surveillance to maintain employee safety or protect the worksite from theft or vandalism
- Keeping track of materials used on-site (often in conjunction with GPS tools)

But what happens after “we have lift off” and it becomes more a case of “Houston, we have a problem”?

Launching a commercial drone into the skies comes with its own set of risks. Chief among these is the risk of accident. If a drone is operated for any purpose other than sport or recreation, it may attract the risk of strict liability implications under Section 10 of the *Damage by Aircraft Act*. In a nutshell, this means that the drone operator or owner can be held legally responsible for damage or loss caused by their acts or omissions, with no requirement for a third party to prove fault or negligence.

According to a report from QBE, one in 50 drones crash. This equates to one crash for approximately every 2,000 hours of operation. Concerningly, QBE claims data shows crash rates are currently doubling every year (21 per cent compound annual growth rate). With each crash comes the risk of causing bodily injury or property damage.

Another factor that drone operators need to take into consideration is privacy. As drones are used for surveillance or data collection, they are generally fitted with cameras and/or video recorders and sensors (referred to as the payload). The collection of footage could result in a privacy violation if that footage is used in an ad, broadcast or telecast. FYI: For those who take their privacy or intellectual property very seriously, there are also drone guns on the market that disable incoming aerial drones when the gun is pointed at the unwanted aerial intruder!

A less obvious risk for piloting drones is that of cyberattack. Drones collect data which may be of value to a cybercriminal making them a target for hacking. There is also the possibility that control of the drones could be taken and the machines used for unlawful purposes.

Which means that making sure that you have insurance that specifically covers the use of drones in your construction work is a no-brainer. In the past some general liability policies (subject to minor amendments) could accommodate liability arising from drone use, but now there is dedicated RPAS cover that EBM's construction, building and trades clients can obtain.

Ask your account manager about RPAS Cover, which is designed to address all the risks unique to drones. Armed with the right cover (and correct certification of course!), you can launch into the skies and capitalise on the benefits the technology offers the construction industry.

Take cover

Autumn has arrived and worksites are abuzz with activity, making this a good time to check your insurance cover.

Summer sojourns are well and truly over and it's back to all hands on site. And with the slew of reno programs on the box again, tradie mobiles are buzzing as inspired owners seek to revamp their homes.



As the leaves turn, so do property owners' thoughts – to maintenance. Getting properties ready for the onslaught of bad weather will be occupying many tradies over the next couple of months.

Coupled with the increase in activity is the fact that the high schools (with their vocational programs), TAFE's and trade schools are placing aspiring tradies in workplaces.

This all adds up to more bodies – tradies, subbies, apprentices and WEBies (that's work experience boys and girls) – heading into workshops and onto job sites. So if you are an employer, contract subbies or take on apprentices, trainees or work experience students, you need to make sure there is insurance in place to cover these workers.

It's also a good time to take stock of your tools, plant and equipment to make sure you have the right level of cover. If you upgraded, added to or disposed of any equipment in the new year, including vehicles, you need to check your cover so you don't get caught short or continue to pay for property you no longer own. Reminder: If you have purchased equipment valued over \$5,000 you need to specify the item(s) in your insurance schedule (check your policy as this may vary).

If your circumstances have changed – for example you've taken on more or fewer staff, become a sole trader or become an employer, moved premises, scored a big project/contract, your revenue has increased or decreased, commenced or ceased high-risk work, working in hazardous locations, easing into retirement, expanding your business or branching out into other trades, or things are a bit tight financially – [have a chat with your broker](#). Make sure you still have all the covers you need (with suitable terms, conditions, inclusions, exclusions and excesses) at the best price.

Gone in 15 seconds

Watch out for cyber fraud in the New Payments Platform.

The \$1 billion New Payments Platform (NPP) enables transactions between banks and bank accounts to happen almost instantaneously, instead of taking up to three days for money to transfer. But while the NPP promises greater convenience for customers and businesses, switching to real-time payments could also see a rise in cyber fraud.



Customers of 13 financial institutions – including the big four banks and a number of smaller credit unions and mutuals associated with those banks – can create a ‘payment ID’ using their phone number, email or an ABN to quickly transfer money to any bank account in Australia.

With the instant payment platform (where funds settle instantly), banks will have less time to check for fraudulent transactions and stop those payments that appear suspicious. Money will move from one bank account to another within 15 seconds, so it can easily be moved into dummy accounts and disappear before victims even know they’ve been taken for a ride.

The risk of payment fraud is high – costing \$700 million each year – as Australian financial institutions don’t match payee names with account numbers when payments are processed, which leaves individuals and businesses vulnerable to fraud and error. The NPP is rolling out systems to lower the risk of fraudulent or accidental payments being sent but it warns that most fraud is the result of “old-fashioned trickery to deceive people into parting with their money”.

The security risks to the NPP are concentrated around the ability of fraudsters to steal login details and break into accounts (as the payments come from an actual bank account, the fraudster would need to obtain the customer’s login credentials so they can log in to internet banking and authorise a payment to a third party) – so look out for emails, texts and phone calls trying to wrangle information out of you or trick you into making a payment.

The best way to protect yourself and your business is to watch out for scams and focus on login and password security. These tips are from the AFP and Australian Bankers’ Association.

No phishing

Phishing involves using a form of spam (emails often purporting to be from a bank) to fraudulently gain access to internet banking details. Typically, the phishing email will ask an internet banking customer to follow a link to a fake banking website and enter their personal banking details. By following the link, often the customer downloads a malicious program that captures their keystrokes including any typed info such as banking login details and passwords and sends them to a third party. Similar ploys are often sent by SMS, MMS or other electronic messaging media.

No bank will ever send customers an email with a link to online banking or ask for confidential information (or ask for internet logins or passwords over the phone). So never respond to requests for personal details. Delete the email immediately and don’t open it. Never ‘reply’ to the email or call any phone number in the email. Verify any requests direct with your bank. Use spam filters.

'Password' or '123456' is asking for trouble

Weak passwords leave you vulnerable to being hacked. Keep your PIN and internet banking logins and passwords to yourself (and don't write them down, even when they are 'cleverly disguised' or store them in the cloud). Create strong passwords with a mix of upper and lower case letters, numbers and symbols. Frequently change passwords. Consider using a password manager that securely stores and creates passwords for you. Avoid using passwords that could easily be guessed (such as the names of pets or birthdates). Don't use the same password for all your accounts – if someone gets hold of your password then all of your accounts are potentially under attack. Don't store your banking PINs or passwords in your smartphone or tablet – this makes your account vulnerable if the device is lost or stolen.

Extras

Always log out of internet banking sessions when you're finished. Regularly clear your browser's cache, especially on mobile devices (some store copies of web pages that may contain your banking info). Only use official apps supplied by your bank. Contact your bank if you lose your smartphone or tablet especially if your bank uses SMS message to authenticate transactions. Don't access internet banking using unsecured Wi-Fi networks. Check your bank account statements and immediately report any unusual or suspicious transactions.

Businesses can also look into [Cyber Liability](#) insurance cover. It can't protect your business from cybercrime, but it can protect your business against the costs that may result from an attack.

Trend watch: Wellness Movement

The global wellness property market is taking off – and Australia is at the forefront.

Real estate and communities that put peoples' health at the centre of design, creation and redevelopments are the next frontier in residential real estate.



To combat modern problems of sedentary lives, unhealthy diets, stress, social isolation and loneliness, pollution and nature-deprivation, real estate developers are creating and expanding 'wellness homes and communities' which include structures that aim to support the holistic health of its residents.

The global wellness property and communities sector is set to grow by six per cent a year and be worth US\$180 billion by 2020 – and, with a value of \$9.5 billion, Australia is set to be the third-largest wellness real estate market.

The Global Wellness Institute's (GWI) *Build Well to Live Well* report has found that the potential for the wellness property sector is huge, with consumer demand for healthy homes outstripping supply. In the US there are 1.3 million potential buyers each year but there is only a pipeline of 355 projects.

Australia boasts the second highest number of projects in the pipeline – 189 residential properties that incorporate intentional wellness elements – with a trend towards centralised, larger-scale developments with a greater focus on sustainability.

There are currently more than 740 projects built, partially built or in development across 34 countries. The GWI estimates there are over 1.5 million units/homes either already built or planned to be built over the next couple of decades which will encompass 560,000 acres of land and house more than 4.1 million people.

The GWI predicts that seven emerging wellness living concepts will drive future development – and push the market to the next level:

1. Blurring the lines between home, work and leisure.
2. Making healthy homes affordable.
3. Bringing back multi-generational and diverse neighbourhoods.
4. Catalysing medical industry clusters and health services to build wellness communities.
5. Moving from green to regenerative living.
6. Leveraging technologies to create smart-healthy homes and cities.
7. Rediscovering hot springs as a wellness living anchor.

News briefs

- Insurance Council of Australia, Engineers Australia and Fire Protection Association of Australia have collaborated on a [protocol](#) to identify and address inappropriate use of aluminium composite panels (ACP).
- The Commonwealth Government has announced a plan to 'shake up' Australia's schools and get tradies into teaching roles. By streamlining the process for becoming a teacher, the Government hopes to make it easier for tradies to switch careers and teach trades at schools and vocational colleges. Education Minister Simon Birmingham said, "tradies who have done the hard yakka on the construction site could bring new skills and a different perspective that could be invaluable for student learning".
- Data from the National Centre for Vocational Education Research revealed only 268,600 people undertook an apprenticeship or traineeship in 2017. With the figures plummeting across the country, industry groups fear there will soon be a tradie drought.
- Sarah McKendrey, an apprentice carpenter from Warwick (Qld), and Emir Tupkovic, a builder from Gregory Hills (NSW), have been named female and male Tradie of the Year, respectively. The Australasian Association of Builders teamed up with Masters in Building Training to create the awards to recognise and promote Australia's tradies.
- Westpac Annual Home Ownership Report revealed a preference for renovating, with a 14 per cent increase in the number of owner-occupiers opting to maximise their current home and renovate, while there was an 11 per cent decrease in those considering selling and relocating.
- Latest Tradie Price Index from ServiceSeeking has found nationwide, on average, tradie hourly rates rose 10 per cent over the quarter. Landscapers in NSW topped the list, asking \$102.05 p/h, while painters in Victoria were the cheapest at \$39.79 p/h. Sparkies continued to be the best paid in WA at \$90.96 p/h, while plumbers came up trumps in both Victoria (\$95.28 p/h) and Queensland (\$84 p/h).
- WA State Government has appointed a North-West Urban Construction and Development Builders Panel to boost attraction, retention and development of Aboriginal apprentices.
- Victorian State Government has introduced the \$50 million HomesVic (shared equity) program to help 400 low-to-medium income earners into their first homes.
- Queensland State Government has also said it is interested in adopting a similar shared equity scheme. It follows already established schemes in WA (Keystart) and the ACT (Land Rent).
- NSW has introduced the Strata Building Bond and Inspections Scheme which requires developers to lodge a building bond equal to two per cent of the contract price with NSW Fair Trading. The bond can then be provided to owners' corporations to rectify any defects.
- WA State Government has announced plans to establish Infrastructure WA to improve long-term planning and decision-making and create jobs.
- A 20-storey vertical retirement village under construction in the Adelaide CBD will be the State's greenest building. The \$100 million development received a six-star Green Star rating from the Green Building Council of Australia and scoring 84.9 out of a possible 100 has the highest design score of any building in SA.
- To combat a 55 per cent drop-out rate in apprenticeships, MBA NSW is teaming up with the State Government and four universities to bridge the gap between university and TAFE for students looking for degrees. If a student successfully completes their trade certificate it will be recognised as one year off a bachelor's degree.

- “*Don’t steal my tools, I need them to pay for your benefits*” stickers are being purchased by tradies to stick on their utes, trailers and vans in the hope of deterring would-be thieves.
- A new app promises to get tradies to a customer’s door in just 17 minutes. JAK is a booking service that connects customers with tradies, based on the tradie’s speed of availability.
- Upcoming building and trade shows:
 - 9-12 March, WOMAdelaide
 - 10-11 March, Pool Spa & Outdoor Living Expo, Perth
 - 10-11 March, Melbourne Property Expo
 - 11 March, Penrith Working Truck Show
 - 14-16 March, Australasian Oil and Gas Exhibition & Conference, Perth
 - 15-16 March, Sydney Build Expo
 - 17-18 March, Franchising and Business Opportunities Expo, Sydney
 - 23-25 March, HIA Perth Home Show
 - 23 March-3 April, Sydney Royal Flower & Garden Show
 - 30-31 March, Brick A Laide, Adelaide
 - 5-8 April, HIA Melbourne Home Show
 - 13-15 April, National Diesel Dirt & Turf Expo, Penrith
 - 18-19 April, Total Facilities, Melbourne
 - 19-21 April, Visual Impact Brisbane
 - 20-22 April, Timber & Working With Wood Show, Brisbane
 - 20-22 April, Sunday Mail Home Living Expo, Adelaide
 - 26-29 April, Perth Garden Festival
 - 27-29 April, Coffs Harbour Trade Show
 - 2-4 May, DesignBUILD, Melbourne
 - 4-6 May, Adelaide Tradie MATE
 - 5-6 May, Gold Coast International Home Expo
 - 5-7 May, Maleny Wood Expo
 - 8 May, Sec Tech Melbourne
 - 8-10 May, ARBS Trade Exhibition, Sydney
 - 8-10 May, Ozwater, Brisbane
 - 9-11 May, INSIDE 3D Printing, Sydney
 - 9-11 May, National Manufacturing Week, Sydney
 - 13-16 May, APPEA Conference & Exhibition, Perth
 - 16 May, Mildura Technology Expo
 - 16 May, ResourceStocks Sydney
 - 17-18 May, E-Power & Lighting, Melbourne
 - 17-18 May, Green Building Expo, Melbourne
 - 19-20 May, Sydney Property Expo
 - 20-23 May, AUSTMINE, Brisbane
 - 23-24 May, Workplace Health & Safety Show, Melbourne
 - 25-27 May, Sydney Home Show
 - 26-27 May, Property Buyer Expo Brisbane

Lighter side – You can hand a man a much more expensive hammer

Next time you need to replace a tool in your collection you can forget the Sidchromes, Makita's and AEG's and go for broke. Iconic French heritage brand Hermès has opened a luxury hardware store. Petit h, Hermès' laboratory which repurposes their items (think leather handbags, belts, saddles, silk scarves, enamel jewellery and fine china), has opened La Quincaillerie to showcase its quirky hardware collection. Screwdrivers, hammers, brushes, tape measures, compasses, hooks, corkscrews and more are available for purchase – all boasting the exquisite craftsmanship for which Hermès is renowned. Of course, such refinement comes with a price tag to match – with a dress belt topping \$1,500 there's a good chance filling your tool belt will be an expensive proposition (one the taxman might raise an eyebrow at if you try to write them off!). And of course, if you do invest, don't forget to contact us to update your tool insurance.

Image: Hermès

