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# *CONSTRUCTION SECTOR WORKFORCE PLAN*

For Greater Christchurch

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Construction Sector Leaders Group  
*JUNE 2013*



## FOREWORD BY CONSTRUCTION SECTOR LEADERS

The Construction Sector Workforce Plan for the Canterbury rebuild has been compiled as a collaborative effort of the building and construction industry with the Canterbury Earthquake Recovery Authority (CERA) and the Ministry of Business, Innovation and Employment (MBIE). A number of other agencies of state have contributed. Forecasting techniques have been employed based on industry projections of work load, skills and labour requirements and assessments of the current workforce available plus potential for new recruits. The final result does not represent an exact result because there are many imponderables that could impact on final requirements. Among them are the pace of new construction, the availability of accommodation for the new trades people required and the availability of fresh labour from overseas when building markets abroad are also beginning to move into a growth period.

Construction companies are bringing in skilled labour from offshore. They are drawing on available skill sets in the United Kingdom, Ireland and Asia in a bid to meet their immediate needs. But an emphasis is being placed on upskilling New Zealanders, men and women. The first priority for new work is Canterbury people, followed by other New Zealanders and then immigrants. Canterbury educational institutions are well geared for an upturn in demand for skills training.

It is clear that the boom and bust economic cycles that have plagued the industry have left New Zealand with a shortage in specialist trades people skills. The encouraging sign in respect of the Canterbury rebuild is that those New Zealanders who take up the opportunities to gain fresh marketable talents can be reasonably assured of a good level of work in future years. This is because the building market in Auckland is moving into a new phase with house building projected to lift markedly over a sustained period.

More complex, demanding and innovative building techniques will be used in the rebuild. This is because lessons learned from the performance of Canterbury structures in the earthquakes which so devastated Christchurch have been incorporated in new construction requirements for the residential, commercial and industrial sectors. These new techniques will in some respects add to costs but the results will be a region with state of the art new buildings built in a manner to withstand future earthquakes and associated ground upheavals as well, or better, than any elsewhere in the world.

The partnership between industry and the public sector in this collaboration mirrors work now going into ensure the New Zealand building and construction supply chain is well positioned to handle the demands that the rebuild will place on its capacity to meet needs. In both cases the collaboration builds on the work of the Productivity Partnership between the industry and MBIE to drive improvements in the productivity of the sector by 20 percent by the year 2020.

These collaborative projects provide a pointer to the value of co-operation between the public and private sectors. In the case of Canterbury they can add confidence that the administrators and the “on ground” business operators are synchronised to get the rebuild achieved as quickly as possible using building and construction methods that will stand the test of time and natural hazards.

The challenge now is to ensure that the numbers of skilled tradesmen needed become available. This will require extensive recruitment; co-operation between agencies and a sense of urgency by recruiters. Much in this document is aspirational in tone. But aspiration and, above all, a sense of “can do” will be required if the needs as outlined in the Plan are to be realised so that the people of Canterbury can return to normal life. The building and construction industry will play its part.

The following firms support the development and implementation of the Construction Sector Workforce Plan, and will form the Panel that oversees its delivery.



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## EXECUTIVE SUMMARY

This Plan has been developed for and by firms in the Christchurch construction sector in response to current and anticipated workforce challenges in rebuilding Christchurch. Challenges include considerable uncertainties, a tendency to not coordinate and collaborate, and a need to make use of the current time to develop and embed solutions and new thinking. The Plan is owned by the construction sector employers and details the actions that employers can take to address the identified issues, working as necessary in partnership with other organisations or government agencies.

More concrete concerns include anticipated skill and labour shortages, uncertain workflows, cost escalation, workforce quality, social issues, accommodation, standards, business practices, safety and creating a sustainable skilled workforce legacy.

The rebuild presents opportunities for the sector to develop a culture of mutual support and co-operation, both within the sector and with government, and to do things differently so that gains can be made in areas such as productivity, health and safety and sector-wide skill levels. A set of principles will guide the implementation of this plan. These emphasise collaboration, early contractor involvement, new ways of employing and sharing labour, innovation, responsiveness and transparency, and inclusiveness.

The plan includes 39 recommendations in response to the concerns identified. The Recommendations are both aspirational and practical, and include initiatives such as working with government agencies where immigration, training or labour supply are concerned, a Good Corporate Citizen and Employer Charter, and approaches to procurement and training initiatives.

## PURPOSE

The purpose of this plan is to articulate the immediate, short and long term workforce needs of the Construction sector in greater Christchurch and to identify what is required to accelerate the recovery of the sector and provide a strong foundation for long term economic growth. It builds on forecast supply and demand information and proposes how to meet the demand needs of the recovery. It includes the activities and interventions required for the recovery and identifies the industry and/or agencies to implement them.

Led by the Construction Sector Leaders Group (CSLG), this plan was developed in conjunction with local and national agencies. The CSLG will treat the Plan as a living document, and will oversee its implementation.

## BACKGROUND

This Workforce Plan has been developed by the Christchurch Construction Sector (horizontal and vertical) to respond to challenges identified in the way the construction workforce is functioning and the pressures it will face in undertaking the rebuild following the Canterbury earthquakes.

This Plan falls under the overall Recovery Strategy for greater Christchurch *Te Mahere Haumanutanga o Waitaha* (The Recovery Strategy), as approved by Cabinet.

'Business as usual' approaches will not adequately meet the projected demand of workers for the recovery and rebuild. A critical part is engagement with employers and their leadership in identifying and addressing the skills and employment issues in each sector. This workforce plan for the construction sector is an opportunity to respond to future workforce requirements by trialling new, different, collaborative and coordinated approaches to ensure the supply of labour can meet the demands of the rebuild and the future growth and prosperity of the region.

The next decade will see a considerable period of growth for the construction sector. It will be critical to maximise opportunities and minimise constraints to achieve an efficient rebuild and recovery for greater Christchurch and enable other growth industries to fast track their own recovery plans.

The actions developed for one Sector Workforce Plan (such as using the Canterbury Skills and Employment Hub) will apply across the other sector workforce plans. The actions identified in each plan will be collated and shared across the relevant sector leadership groups for wider adoption and monitoring.

## IDENTIFYING OPPORTUNITIES

The construction sector nationwide is facing a number of challenges including pressures from earthquake strengthening in Wellington, repairs as a result of the leaking building issue, building projects under the Auckland Plan and the decreasing affordability of housing. The Canterbury rebuild presents an opportunity to change practice on a city-wide scale, which can then become an example for nationwide industry transformation. In the labour market, opportunities exist for employers to:

- Think outside the square for sources of labour, involving local people in the rebuild who might not otherwise have job opportunities or had previously not seen construction as a career option
- Create a skills legacy in Canterbury and nationwide once the rebuild peak has passed
- Seize the opportunity to be innovators and first movers in changing sector culture to develop new ways to attract, train, develop, mentor and retain their workers
- Cooperate with other employers towards the common goal of getting the right skills in the right place at the right time
- Develop a culture of fairness and opportunity for all
- Improve Health and Safety to achieve an exemplary safety record that improves productivity
- Be catalysts for significant improvement in productivity, efficiency and safety in construction nationwide, and become world-leaders
- Proactively challenge enablers of a skilled workforce (e.g. education providers, Industry Training Organisations, Government agencies) to think outside the square and become more attuned and industry-focused.

The 2012 Budget included a 'Skills for Canterbury' contingency which aims to support Trades Training and associated activities in response to the Christchurch Earthquake. It has so far been used to fund additional trades training places, Pasifika Trades Training, He Toki ki te Rika, and the Canterbury Skills and Employment Hub. The current period of waiting for the rebuild to get underway in earnest represents an opportunity to promote trades training, construct short term accommodation, and remove any roadblocks to the sector being in a state of readiness to rapidly escalate its activities. The Contingency could be utilised to prepare for the acceleration, for example by kick starting construction of accommodation for trainees, or incentivising Canterbury schools to encourage school students (in final year or school leavers) into construction sector training.

Transparency about access to and use of the "Skills for Canterbury" contingency fund to construction sector employers would enable better fit solutions that match the overarching strategy. This would also facilitate greater alignment and action on initiatives that make tangible differences.

## SETTING OUT THE ISSUES

The Construction sector has three key concerns:

- the difficulty of continuing to operate in an environment of **considerable uncertainty** about when the rebuild will ramp up and ramp down. The uncertainty originates in the unpredictability and timing of insurance decisions, the unpredictability of the timing of decision-making ('deal flow'), a smoother flow of consenting and the future of TC3 land. There is also uncertainty about future seismic activity. While infrastructure repairs are more predictable, the residential and commercial markets are the more uncertain
- a **lack of collaboration and coordination** resulting in inefficiencies, which raise costs and compound uncertainties
- it is now two years since the major 22 February 2011 earthquake. While there is greater clarity about the scale of need, more could be done to share that information and develop strategies to address identified needs. The collaborative and innovative energy that comes from a crisis is dissipating and Business as Usual (BAU) thinking and processes are creeping back in. A **sense of urgency** needs to be recreated to allow creative solutions to the challenges that face the construction sector labour market.

Other related concerns raised by the Construction Sector Leaders Group are:

- **Scarce labour supply:** Large numbers of workers will be needed for the rebuild. Although the vertical rebuild is yet to begin in earnest, firms are already competing for scarce skilled and experienced staff. The horizontal rebuild has begun in earnest and local skills have been exhausted, as predicted.
- **Skill shortages:** Skill shortages are likely to escalate over the coming months and years when local and nationwide labour pools are exhausted. Firms are already noticing an increasing shortage in experienced staff who can act as supervisors for new entrants.
- **Escalation of Costs:** Practices such as poaching are becoming more common, and are driving up costs. With demand high and supply short, labour rates are increasing. With labour having to be sourced from other parts of NZ, fly in and fly out arrangements also increase the costs of the rebuild work. All of these costs are passed on to the funders (local and national Government and Insurance companies).
- **Unpredictable workflows in the vertical rebuild:** Residential insurance pay-outs tend to be released piecemeal so that the Project Management Offices (PMOs) are allocating labour to relatively small jobs, creating inconsistent workflows. This lumpy piecemeal demand makes for inefficiencies with supply chains, driving costs up and compromising the goal of affordable housing.
- **Social issues:** Social issues were identified with recent changes to the dynamic of the Construction sector workforce and the local environment with stress, cultural differences and other social effects of concern. Migrant workers may lack support networks, and tensions can arise between the existing workforce with established habits and patterns and newer workers from different cultures. Employers may need help and support to address these social issues.
- **Quality of workforce:** Issues may include unmotivated staff, staff who are new to construction, quality of workmanship, migrant workers who may not be familiar with New Zealand standards or with the English language. Retention may be difficult amid such challenges.
- **Accommodation:** Accommodation is identified as an issue, to the extent that employers employ staff from outside Canterbury. This also impacts negatively on the availability of temporary accommodation for workers who need a place to stay in Christchurch and who occupy housing that usually would be available to the rental market. Without certainty about likely volumes and exact timing, developing proposals for worker accommodation is difficult. This increases the need to utilise traditional domestic accommodation solutions more efficiently and effectively.
- **Sector Standards:** In the Infrastructure rebuild, traditional local body standards can inhibit productivity and value-for-money resilient rebuild solutions. The Licensed Building Practitioner scheme is bedding in and needs nurturing (see Section 8 on Industry Standards below) and could be fine-tuned.
- **Business practices:** Some smaller firms involved in the rebuild may not be familiar with business practices related to employing more than one or two staff members, health and safety, training, sustainable building practices and so on, and may not know where to get the relevant information.
- **Increased numbers of Small and Medium Employers:** The business models for both the Horizontal and Vertical Construction Rebuilds rely on Contractor and Sub-Contractor businesses. This means a significant increase in numbers of small to medium businesses operating in Christchurch. Generally, these organisations have very low overhead structures which do not enable investment in workforce planning, best practice recruitment and training.
- **Attracting families to an environment of uncertainty:** With the challenges that are facing Christchurch as it rebuilds (e.g. traffic congestion, increased cost of living, school mergers/ closures) coupled with the perceived risk of future seismic activity, it is difficult to attract new families to Christchurch. This potentially limits the labour pool that the industry can draw from to single men.
- **Sustainable skilled workforce legacy:** Firms need to put appropriate systems in place now to ensure the medium to long term employment market in Canterbury is sustainable. This includes not leaving a legacy of unskilled labour that has become accustomed to inflated pay rates. It also requires business planning to ramp

up to the peak of construction, ramp down as demand subsides and look at ways of enabling transferable skills across horizontal and vertical rebuilds.

- **Safety performance:** While analysis is yet to be finalised, early evidence is that there has been an increase in both serious harm notifications across the construction sector and in entitlement claims. These appear to be tracking activity at present.

## OPERATING PRINCIPLES THAT WILL ENABLE THIS PLAN

### A. COLLABORATION

An emphasis on collaboration and a focus on common goals will be vital for developing a skilled construction workforce and keeping wages at realistic levels, while retaining fair competition and allowing choice for both employees and employers. Emphasising collaboration will also allow for more large scale initiatives which could be more cost effective ways of skilling-up for the rebuild. Collaborative stakeholder partnership opportunities include (but are not limited to):

- Employers who normally compete for work and labour
- Training/Tertiary/Educational Providers/Industry Training Organisations (ITOs) to provide flexible industry driven solutions
- Federations and industry representative organisations
- Government agencies (e.g. Ministry of Business, Innovation and Employment (MBIE), Canterbury Earthquake Recovery Authority (CERA), Tertiary Education Commission (TEC), Ministry of Social Development (MSD), Immigration NZ) to remove road blocks to progress
- Employee and union engagement to assist with upskilling Canterbury and meeting safety and productivity targets.

Employee and union engagement will help employers meet their construction targets. Major companies tend to have in-house industrial relations specialists who work closely with trade unions. It will be essential to work closely with Unions which in many respects have compatible objectives in terms of the overall construction plan.

### B. EARLY CONTRACTOR INVOLVEMENT

Early Contractor Involvement (ECI) will make for a smoother and faster rebuild. The degree to which contractors can be involved early will be largely determined by the procurement process but it allows all parties to openly review a project and promotes smart ideas around practicality of the design, efficient use of resources and staging of the contract, to achieve the desired outcome with an eye on trying to keep the cost down or to the budget/estimate figure.

New Zealand Transport Agency advocates this approach but ECI will not necessarily be effective for all the anchor projects. However, it provides a longer 'lead time' to the start of projects, which encourages better planning and programming.

ECI is starting to work well for SCIRT. ECI will be helpful, as it is recommended that Christchurch Central Development Unit (CCDU) releases information on projects at least six months in advance to allow greater scoping and planning of projects and therefore providing the best efficiencies of resources. Even more important is the need to have a consistent flow of work as opposed to 'peaks and troughs'.



### C. GROUP TRAINING SCHEMES

Under a group training scheme, a single employer (often a charity or trust) employs multiple trainees and takes responsibility for ensuring their training needs are met. The group training scheme contracts out those trainees to other firms as needed.

The benefit for the trainee is exposure to working for a range of companies and securing on-the-job training and experience. The benefit for the firm is flexibility as they are able to hire in trainees part-time to suit their work flow and that the scheme handles all aspects of the employment relationship, including pre-employment training, coaching and mentoring. Group Training Schemes are underway at Unitec in Auckland, in Rotorua and at the Eastern Institute of Technology (EIT) in Hawke's Bay - and form part of the He Toki Maori Trade Training approach in Canterbury. More could be done to implement this approach.

### D. INNOVATIVE SOLUTIONS

The earthquake of 22 February 2011 disrupted established networks and shocked the Canterbury labour market. Ramping up to the labour numbers needed for the rebuild needs creative and innovative solutions: Business as Usual (BAU) models will not suffice. Flexibility is needed in approach, systems, funding models, to allow for solutions to get off the ground. This applies to all of the Stakeholders described above.

### E. RESPONSIVENESS AND TRANSPARENCY

Given we are now two years into the rebuild, action on labour market strategies is needed now. All stakeholders will be responsive and take timely action to ensure this workforce plan is implemented without delay.

Information that shapes the decisions and strategies will be transparent to all stakeholders.

### F. LOCAL THEN GLOBAL

The overall philosophy of strategies for sourcing labour and trainees is:

- a. Christchurch first, then
- b. Canterbury, then
- c. South Island, then
- d. New Zealand, then
- e. overseas.

### G. DIVERSITY AND INCLUSIVENESS


All strategies implemented will reinforce a Construction Sector Industry that is open to developing a diverse workforce. Government agencies will provide support and information to both employers and employees who are working in unfamiliar conditions.

### H. SUSTAINABILITY

The strategies applied for ramp-up and ramp-down and will ensure that Christchurch is left with a skilled, qualified, sustainable labour market at the end of the rebuild.



## DISCUSSION AND RECOMMENDATIONS

Recommendations that are identified as a priority are identified by the following symbol .

### 1. CLARIFYING THE SCALE OF THE ADDITIONAL LABOUR DEMAND

Construction companies, the Project Management Offices (PMOs), insurers and others have worked together with CERA and MBIE to provide detailed information about the level of damage, the volume of repair and rebuild work and the development of new civil construction projects in order to document the total volume of construction required together with information about timing and phasing. That dataset has been used to develop a range of scenarios – and then to undertake detailed modelling work on the nature and volume of additional labour, broken down by occupation, that may be needed to undertake that work.

It is important that this flow of information continues, in terms both of the planned and completed volume of damage-related construction work, and of feedback to stakeholders about the collective picture, the scenarios and the consequences at occupational level.

The labour demand model forecasts that the rebuild will need more workers than are currently employed in the construction sector in Canterbury.

When the model is re-run with updated figures for the volume of damage, details of new projects and their timing and the volume of work already underway or completed, it will produce different figures, which are likely to signal both a reduced peak demand and a longer rebuild period.

An increased construction sector workforce will also create demand for additional workers in supporting occupations such as administration, law, accounting, retail, accommodation and service occupations.

It is likely that the bulk of additional demand will be met by people already working in the region or moving from other regions. However, for certain occupations, the additional demand will outstrip the nationally available supply, meaning that immigration will be essential to meet the demand for:

- Carpenters and Joiners
- Painting Trades Workers
- Concreters
- Plasterers
- Bricklayers and Stonemasons
- Wall and Floor Tilers
- Building and Plumbing Labourers
- Plumbers
- Electricians
- Roof Tilers

In addition, the sector has identified that the following occupations are in shortage:

- Drainlayers
- Civil Supervisors/Superintendents
- Excavation Operators
- Project Engineers / Managers (Horizontal and Vertical)
- Quality Assurance' Specialists and Estimators (Horizontal and Vertical)



It will be important to rapidly progress the inward flow of people with these skills.

### RECOMMENDATIONS

1. **Current workload:** ★ Construction employers will continue to provide CERA and MBIE with information to help establish the volume of construction business-as-usual underway across Canterbury, so CERA and MBIE can regularly update the labour demand forecast model
2. **Future Workload:** ★ Construction employers will work with CERA and MBIE to check the accuracy and usefulness of the labour demand model and then promote the results. It may be useful to further develop the labour demand model and factor in the practical skills and training programmes needed to help meet the anticipated skills demands.
3. **Sector Responses:** ★ Firms will engage with and support the monthly Canterbury Skills Shortage List Review Panel to ensure labour demand modelling projections are tested against market dynamics as firms see them.

## 2. BETTER WORK SCHEDULING INFORMATION

There is scope for improvement of the transparency of the forward work programme in Canterbury to enable more effective sequencing and prioritisation of construction projects. This should help mitigate against the risks of not meeting the aspirations of the rebuild programme as well as providing opportunities for efficiency gains. For example, there is a risk that workflow will be lumpy, driven by claim settlement rather than by similarity of work or by location. Efficiencies could be gained by bundling together work of a similar nature or insurers agreeing to deal with work in particular streets (for example) at the same time.

Implementing this improvement would depend on the procurement capability and competence of construction clients, CERA and others.

### RECOMMENDATIONS

4. **Register of works (i.e. Forward Pipeline):** ★ To provide better information on which to base firm-level decisions about workforce planning, construction companies will work with CERA, the territorial authorities, PMOs, SCIRT and insurers to develop an open and comprehensive register of construction projects at various stages of preparation (design phase, consenting, tendering, site work, ramping down, etc.)
5. **Deal flows:** ★ To improve deal flows, construction firms and the PMOs will work together to negotiate with insurers and with key players such as CERA and EQC:
  - a. CERA's CCDU to release information about when the major construction projects will come to market, at least six months ahead of construction on those projects beginning. The sector is aware of the projects but has no information about timing. Releasing information about timing will provide the construction industry with the opportunity to plan
  - b. Parcelling work of a similar nature together to achieve economies of scope and scale
  - c. Sequencing work to ensure that, for example, in-the-ground infrastructure is complete before above-ground construction work begins
  - d. Parcelling work in the same area together so that, where a street or neighbourhood has multiple insurers handling multiple claims, they can be aggregated so that the repairs and rebuilding work can be sequenced efficiently across multiple properties.

### 3. HEALTH AND SAFETY

Large high-profile programmes such as the rebuild carry a reputational health and safety risk. It is estimated that on past performance, 1-2 construction workers may die each year on the rebuild and many more could be seriously injured or suffer a life-changing work-related illness. This could cost more than \$80 million in ACC costs and 600,000 hours in lost time - putting an unacceptable time and cost pressure on the rebuild.


Analysis of safety performance data to date indicates an increase in serious harm and injury.

Rebuild Leaders are collectively seeking to raise safety standards of the rebuild and to leave a legacy for the construction industry more broadly. To achieve this goal, key senior leaders have developed the Canterbury Rebuild Safety Charter. The Charter is an agreement on health and safety between the leaders of a number of construction companies, insurance companies and government organisations leading the rebuild. Signatories (many of whom are competitors) have all committed to 10 Charter actions, creating a consistent and collective approach to health and safety on rebuild worksites.

The Charter is being signed and endorsed by more than 50 organisations. This includes six PMOs, major construction companies including group builders, key insurers, recruitment companies and central and local government. It is also endorsed by a wide range of industry organisations including industry associations and training bodies.

MBIE is building a dedicated and resourced health and safety rebuild team including a programme Director, project staff and dedicated health and safety inspectors. It is also working closely with ACC to risk profile rebuild activities to provide an evidence-based approach to enforcement and engagement.

#### RECOMMENDATION

6. **Canterbury Rebuild Safety Charter:**  the construction sector signs and endorses as appropriate the Canterbury Rebuild Safety Charter. The Charter covers leadership, critical and site risk management, reporting, consultation and includes:
- Undertaking a common set of actions which will include a focus on critical risks and effective management at a site level
  - A public commitment to the vision, commitments and actions that make up the Charter
  - A communications strategy to reach the rebuild's various audiences including vulnerable workers
  - Reporting in a consistent and collective manner on safety performance
  - Capturing and sharing lessons learnt, identifying and promoting best practice to ensure the legacy is understood and delivered.



#### 4. SUPPORT THE CREATION AND TAKE-UP OF THE PROPOSED “GOOD CORPORATE CITIZEN AND EMPLOYER” CHARTER

It is envisaged that the Canterbury Rebuild Safety Charter will form part of any wider good corporate citizen and employer charter which is developed.

Joined-up action is needed to reduce the risk of failure in a range of critical areas including employment standards, immigration, the development of the local and domestic workforce and pastoral care (especially of foreign workers) and health and safety which, together, will have a ‘knock on’ effect for the domestic workforce and potentially for New Zealand as a whole.

Enhancements at operational level are needed to:

- Help incentivise people to move from other NZ regions to work on the rebuild and recovery
- Improve employment relations through good employer practices which are highly transparent (including remuneration)
- Optimise the employment of trainees and students completing their NZ qualifications
- Develop and retain a skilled construction workforce for Canterbury
- Address the risk of free-loading
- Reduce the risk that local workers are displaced
- Reduce the risk of migrants overstaying
- Reduce the risk of a boom-bust cycle for the Canterbury construction sector.

#### RECOMMENDATIONS

7. **Good corporate citizen and employer charter:** construction companies will work with the government clients, MBIE, CERA and the Unions to support and sign up to a proposed Canterbury-wide ‘good corporate citizen and employer charter’.

This scheme will to help attract, develop and retain construction workers by embedding a training culture in firms’ business practices through the contracting chain and set minimum standards to which all employers will sign up, covering:

- health and safety
- employment conditions
- training
- pastoral care, including good settlement outcomes for temporary migrants
- accommodation
- robust business practices
- robust employment relations practices including employee and union engagement
- developing a workplace culture open to diversity.

The Charter will also encourage wider behavioural changes aimed at:

- raising standards throughout the supply chain, including procurement and the way companies treat their suppliers (prompt payment, working conditions, etc.)

- the sector working in a more integrated and collaborative way to deliver enhanced value in the rebuild programme and as a means to secure wider government goals such as health and safety outcomes, training commitments, Gross Domestic Product (GDP) growth, etc.

MBIE will work with other government agencies and with major contracting firms to:

- Ensure the charter is developed quickly and then adopted widely across government agencies
- Encourage take-up of the charter approach across the major construction companies and their supply chain through changes to procurement policies and practices across Government agencies.

8. **Procurement approaches:** MBIE and CERA will work with construction companies on government tendering processes, which will include demonstrating commitment to 'good employer' status as a pre-tendering requirement for all government construction projects in Canterbury.

Employers will engage with the construction supply chain early in the project decision making process, and will seek to use innovative techniques such as Building Information Modelling (BIM) in the procurement and project delivery process. Specifically, procurement will focus on a value based approach (rather than lowest cost) and seek to utilise 'whole of life' principles in procurement of construction projects.

Where appropriate, procurement can be utilised to establish appropriate strategies and behaviours on construction projects to influence key issues such as health and safety, fair payment and utilisation of training and apprentices by construction companies.

The risks of anti-competitive conduct such as bid rigging in procurement can be mitigated by designing tenders in a way that minimises the likelihood of collusion. For more information, refer to the Commerce Commission's guidance<sup>1</sup>.

9. **Recruitment practices:** The Construction industry will follow best practice procedures for recruitment and employment and ensure strategies are in place for overseas worker accommodation and settlement with work place training and skills programmes in place.

CERA and MBIE will need to work closely with employers, both small and large. The large companies will have recruitment campaigns which will fulfil most of their requirements, whereas smaller companies don't have that resource and would be best served by working closely with CERA and MBIE.

10. **Recruitment processes:** construction employers will ensure that they have the recruitment and human resources processes in place to employ larger numbers of staff and from more diverse backgrounds than they have previously. Employers will also ensure that their recruitment adverts are framed to be more inclusive by:
- a. Being precise and accurate about what skills are needed, and specifying which skills, qualifications and attributes are essential, preferred, or a bonus
  - b. Being open to different ways of performing a task
  - c. Specifying outcomes rather than tasks or how the job is to be done (people with disabilities tend to be good at finding workarounds)
  - d. Being inclusive in their advertising, for example "men and women" instead of "workers", and "tradesmen and tradeswomen"
  - e. Being open to flexible or shorter working hours including job sharing.
11. **Employment practices:** In terms of ensuring a sustainable workforce for Canterbury into the future, firms will commit to ensuring that employment practices support attraction and retention of the local workforce. Also, use of temporary migrants should not drive down employment standards, thereby causing the exit of local labour from the Canterbury market.

<sup>1</sup> [www.comcom.govt.nz/how-to-recognise-bid-rigging-2/](http://www.comcom.govt.nz/how-to-recognise-bid-rigging-2/) and [www.comcom.govt.nz/how-to-deter-bid-rigging-2/](http://www.comcom.govt.nz/how-to-deter-bid-rigging-2/)

12. **Anti-poaching agreement:** construction employers will investigate the scope for an anti-poaching agreement, in which signatories will refrain from directly approaching other employers' staff with a view to poaching them, and rely instead on fair and equitable ways of attracting and retaining staff<sup>2</sup> that are acceptable to all concerned (any such agreement would of course still allow employees to change employers of their own accord if they wish).

Such an agreement would not preclude normal changing of jobs in which employees are free to change employers if they wish in response to advertisements, although migrants on a work visa wanting to change employers would need to apply for a Variation of Conditions.

The Commerce Commission ([www.comcom.govt.nz](http://www.comcom.govt.nz)) advises that firms should take independent legal advice on the anti-competitive aspects of anti-poaching agreements. Under the Commerce Act, the Commission can authorise an anti-competitive agreement where it is satisfied that the benefits to the public outweigh the harm of the agreement. A range of fact sheets is also available on the Commerce Commission's website to help businesses better understand how to avoid anti-competitive behaviour. The following factsheets are of particular relevance:

- \* Anti-competitive practices and the Authorisation process ([www.comcom.govt.nz/anti-competitive-practices/](http://www.comcom.govt.nz/anti-competitive-practices/); [www.comcom.govt.nz/authorisation-process/](http://www.comcom.govt.nz/authorisation-process/))
- \* Exemptions under the Commerce Act ([www.comcom.govt.nz/exemptions-under-the-commerce-act/](http://www.comcom.govt.nz/exemptions-under-the-commerce-act/))  
How to recognise and to deter bid rigging ([www.comcom.govt.nz/how-to-recognise-bid-rigging-2/](http://www.comcom.govt.nz/how-to-recognise-bid-rigging-2/); [www.comcom.govt.nz/how-to-deter-bid-rigging-2/](http://www.comcom.govt.nz/how-to-deter-bid-rigging-2/))

13. **A standardised Multi-Employer Collective Agreement (MECA)** could be agreed for the construction sector, involving all (or as many as possible) construction employers. This would reduce the scope for wage inflation and for labour poaching between employers. Use of a MECA is an existing mechanism under employment relations legislation. It is, though, unfamiliar territory for the construction sector which tends to operate through contractorisation. This means there may be cultural challenges to the adoption and implementation of a MECA for the construction sector in Canterbury.

Under current legislation, employers cited in an initiating document for a MECA would be required to attend bargaining sessions and consider and respond to the claim for a MECA. However, a proposed law change would remove the obligation and give employers the choice of opting out of bargaining for a MECA. Where employers consider a MECA may have benefits for themselves or others, the legislation will continue to provide for the process as to how a MECA can be agreed.

An example of a collaborative approach that resulted in a new MECA in the Waikato between SME employers and the unions is at <http://workplacewellbeing.org.nz/the-waikato-community-house-meca/>.

14. **Retention:** At a time of labour shortage employers will be keen to retain good staff. Employers will work within their companies where feasible to lift workforce quality. Smaller firms will encourage ongoing skills training of new recruits while they are employed.



<sup>2</sup> Such an agreement would not preclude normal changing of jobs in which employees are free to change employers in response to advertisements if they wish, although migrants on a work visa wanting to change employers would need to apply for a Variation of Conditions. Note that the Commerce Commission ([www.comcom.govt.nz](http://www.comcom.govt.nz)) advises that firms should take independent legal advice on the competition aspects of anti-poaching agreements. The Commission would be happy to discuss the proposal and to entertain a request for authorisation under the Commerce Act 1986. Their preliminary view was that an anti-poaching agreement was not specifically mentioned in the Act as either proscribed or permitted and would need to be assessed on its potential impact on competition. A range of fact sheets about competition is available on the Commerce Commission's website.

## 5. SKILL SHORTAGES

Skill shortages may be exacerbated by the opportunities in Christchurch being less attractive to workers than those in Auckland. Incomes are generally higher in Auckland than in Canterbury – the June 2012 Income Survey found that average weekly income across all sectors was \$765 in Auckland, 8.5 percent higher than Canterbury at \$705 per week. For the construction sector, in the year to the June 2012 quarter, salary and wage rates (including overtime) in the Canterbury construction industry increased 3.1 percent, down from a peak of 4.3 percent in the year to the September 2011 quarter<sup>3</sup>. Wage inflation may happen more quickly in Christchurch and in the construction sector in particular, given the mismatch between supply and demand.

While accommodation is scarce in Auckland, in the future affordable accommodation may be easier to find there than in Christchurch. Employers may need to make adjustments in order to attract and retain staff, given the increasing cost of living in Christchurch.

In particular, Christchurch employers should investigate which regions are more likely to be sources of people who may move to Christchurch. Auckland employees would possibly be less interested but other regions may be more open to the idea.

In the construction for the London Olympics 2012, the key to attracting people from under-represented groups was a strategy to engage and consult with potential applicants and relevant work placement groups in an informal environment in order to understand any potential barriers or misconceptions and to discuss working roles.<sup>4</sup> Information, selection and recruitment events (e.g. job fairs) proved successful in attracting local people and minority groups.

Firms will adopt a range of approaches to address their skills needs for the rebuild. This will include recruiting more:

- **Women** – the workplace will benefit from the different set of skills that they bring. New Zealand research shows that women have excellent attention to important detail, good customer service<sup>5</sup> and increased safety consciousness.<sup>6</sup>

Women interviewed in New Zealand research commonly said they believed the reason women did not work in trades was that they were not provided information about trades as a career option.<sup>7</sup>

Construction for the London Olympics aimed to increase the numbers of under-represented talented people in the workforce. The first tier of contractors achieved a seven percent increase in women's representation in their workforce.

There are about 9,500 unemployed women in Canterbury<sup>8</sup>, many with recent employment histories. Women with previous work experience may also have potential as supervisors and project managers.

A recruitment strategy specifically targeted at women would be necessary to achieve this. The Women in Power project's Ultimit campaign was such an initiative in the electricity supply industry (see <http://www.ultimit.co.nz>).

<sup>3</sup> See [http://www.stats.govt.nz/browse\\_for\\_stats/economic\\_indicators/prices\\_indexes/LabourCostIndexSalaryandWageRates\\_HOTJun12qtr/Commentary.aspx#Christchurch](http://www.stats.govt.nz/browse_for_stats/economic_indicators/prices_indexes/LabourCostIndexSalaryandWageRates_HOTJun12qtr/Commentary.aspx#Christchurch)

<sup>4</sup> Community careers events, and working in partnership with work placement groups, offered an effective opportunity to consult with, and gain feedback from, potential applicants as to what barriers to employment they perceived existed. These opportunities also provided a means to discuss organisational strategy, roles and commitment to a diverse workforce. Improving the existing recruitment processes increased the diversity of talent attracted to apply for roles. Building good relationships with a wide variety of work placement groups and support organisations also helped to increase diversity. Using existing employees from underrepresented groups to attend work placement events to talk about working for the Tier One contractor was positive. The employees could relay information, in lay terms, about recruitment processes, training and development options and access to recognised qualifications.

<http://learninglegacy.independent.gov.uk/documents/pdfs/equality-inclusion-employment-and-skills/285-attracting-historically-underrepresented-talent-eies.pdf>

<sup>5</sup> <http://mwa.govt.nz/documents/women-trades-interviews-employers-and-tradeswomen-2011>

<sup>6</sup> Such as hazard identification and systemic processes for eliminating, isolating and minimising hazards. From New Zealand research by the Electricity Supply Industry Training Organisation (ESITO) [http://www.esito.org.nz/downloads/WIP\\_Midway%20findings.pdf](http://www.esito.org.nz/downloads/WIP_Midway%20findings.pdf)

<sup>7</sup> <http://mwa.govt.nz/documents/women-trades-interviews-employers-and-tradeswomen-2011>

<sup>8</sup> This is the average of the four quarters of 2012 of Household Labour Force Survey results for women's unemployment in Canterbury



It will also be necessary to plan career pathways for these women such as training and apprentices schemes, and ensuring that individual employers support the target. The Ministry of Women's Affairs may be able to offer support with this career planning. Women may also be encouraged to apply for jobs if flexible or part-time working was available.

- **Youth:** While unemployment in Christchurch is reducing, youth unemployment rates are still proportionally high. Added to this, there are a significant number of NEET youth (not in Education, Employment or Training) youth in New Zealand. Employment in the infrastructure industry is highly dependent on candidates having a full drivers licence, an obstacle for many youth. Strategies will be implemented to address this in collaboration with CERA, MBIE and MSD.
- Other **non-traditional sources of labour and skills**, including:
  - a. **the newly retired** (and those approaching retirement) – a number of experienced builders left the workforce around the introduction of the Licensed Builders Practitioner Scheme: construction companies will work with industry associations to use their networks to help firms attract those experienced workers back into the construction sector to act as supervisors or to work part-time. This source of labour could also be utilised to train/buddy new apprentices
  - b. **Maori and Pasifika people**, and other ethnic groups: construction companies will work with Ngai Tahu in supporting Maori youth into employment, such as through government-funded training initiatives such as He Toki and their own initiatives to develop a group training scheme
  - c. **Samoan Quota migrants:** people in this quota need an offer of employment in order to enter New Zealand, after which they have permanent residence. Employers should consider the scope for offering them positions in priority occupations, which would facilitate their establishment in New Zealand and provide them with valuable skills for their future
  - d. **former migrants and refugees** struggling to get a foothold: construction companies will work with both the Christchurch Employers' Chamber of Commerce,<sup>9</sup> Christchurch Migrants Centre and the Immigration NZ Settlement Division to get in touch with locally available migrants through their migrant networks
  - e. **people with disabilities:** construction companies will consider employing more people with disabilities both on-site and in support functions. Disabled people have a range of skills and research shows they are interested in working in a range of industries. Five employment agencies serve the disabled community in Canterbury<sup>10</sup> and worked with more than 9,000 jobseekers in 2011-12. They usually have waiting lists so there are likely to be significantly more disabled people looking for work than the numbers suggest.

Successful work placements for disabled people were most often in retail, services, administration, hospitality, health and transport/warehousing. Two percent of successful placements were in labouring.<sup>11</sup>

The preferences of disabled people were also researched. They particularly wanted to work in retail, services, transport/warehousing, manufacturing, trades and administration. Two percent wanted to work as labourers. Larger numbers of disabled people looked for work in trades, services, education and manufacturing than were placed there.

Information is available<sup>12</sup> about recruiting and employing people with disabilities. In some circumstances where a person with disabilities has lower productivity, a Productivity Allowance may be available. 75 percent of disabled people do not require any extra equipment or other modifications or support to work. Of those who do require support, the need for modified hours is the most common requirement.

9 Contact Jude Ryan O'Dea - [juder@cecc.org.nz](mailto:juder@cecc.org.nz), 03 353 4161

10 Catapult Employment Services Trust, Workbridge, Workwise, Kingdom Resources and Job Connect. These agencies are funded by government to assist disabled jobseekers and employers. Information provided by Community Employment Initiatives Group, Canterbury in collaboration with the Employment and Transition Focus Group. [www.ceig.org.nz](http://www.ceig.org.nz), 19 November 2012. Other providers also work with disabled people, including Vision, Idea Services, CCS Disability Action, Royal NZ Foundation for the Blind, and Deaf Aotearoa

11 It is possible this relatively low percentage relates to the traditional tendency of the construction industry to offer full time jobs, when disabled people often have a need for flexible or reduced hours.

12 <http://www.workbridge.co.nz/?page=13>  
<http://www.dol.govt.nz/er/pay/exemptions/Employment%20Supports%20for%20People%20with%20Disabilities.pdf>  
<http://www.eeotrust.org.nz/toolkits/disability.cfm?cache=455701>

If accommodations are necessary, funding may be available. Employers with an interest in recruiting people with disabilities can contact Workbridge<sup>13</sup> and Supported Employment Agencies.<sup>14</sup>

- f. **people with caring responsibilities:** this group can be attracted by offering a 'compressed hours' working week (such as four 10-hour days or three 12-hour days), part time work, job sharing or other flexible shift patterns.
- g. **second chance learners:** this group can be called upon with support to retrain from low skilled low wage positions to acquire transferable skills and become a source of more productive labour.
- h. **Department of Corrections clients (doing Community Service):** this group may be unemployed or under-employed, but could be utilised in the rebuild as part of their Community Service sentence. This could be combined with basic training such as site-readiness, and would provide skills and referees for a transition to work.

### RECOMMENDATIONS:

15. **Construction Sector Leaders Group Panel:** the Construction Sector Leaders Group will establish a standing panel open to all construction employers operating in the region to help oversee implementation of this action plan.
16. **Marketing campaign:** once workforce planning is clearer and strategies to employ and train have been established, in order to attract tradespeople from outside the region, it is recommended that firms and industry associations work with:
  - a. the Canterbury Development Corporation, Canterbury Employment and Skills Board, MBIE and CERA to, as a matter of urgency, to begin planning for marketing campaigns to attract and retain tradespeople from other regions within New Zealand for the rebuild and wider recovery
  - b. Immigration NZ on an attraction, retention and settlement campaign to attract qualified and experienced construction workers from offshore for the rebuild. This should be tempered against a balanced approach to maximising the use of available and interested trades people from Canterbury and throughout New Zealand factoring in the scope for employing a greater proportion of the graduates and trainees coming through the tertiary education pipeline.
17. **Research Regional Opportunities:** CERA, TEC, MBIE and other interested agencies will research and report on the regions across New Zealand from which people are open to moving to Christchurch for employment and for training. This will assist in targeting marketing campaigns to the most effective areas.
18. **Canterbury Skills and Employment Hub:** The Hub is a business-friendly initiative that aligns education provision, welfare support and immigration services to improve job matching opportunities in Canterbury for New Zealand job seekers and employers. It operates primarily through its online self-service matching tool for job seekers and employers, but additionally skills brokers support employers to locate candidates. In doing so, it ensures New Zealanders<sup>15</sup> have the first option for jobs in the rebuild, while also speeding up the immigration process for employers who cannot find local labour and would like to employ a migrant.

It is recommended that all Canterbury construction sector employers register with the Hub<sup>16</sup> and post their job vacancies on the Hub site.

<sup>13</sup> Workbridge places disabled people with low or medium support needs into employment. They have offices in Papanui and Hornby

<sup>14</sup> Supported Employment Agencies place disabled people with high support needs into employment. They can be contacted via [www.asenz.org.nz](http://www.asenz.org.nz) or phone 06 342 3899. The Christchurch contact is Louise Deane L.Deane@comcare.org.nz

<sup>15</sup> The Hub will also assist anyone legally able to work in New Zealand

<sup>16</sup> To contact the Hub: [www.opportunitycanterbury.org.nz](http://www.opportunitycanterbury.org.nz), 0800 CANHUB (0800 226 482), [canty\\_skillsHub@msd.govt.nz](mailto:canty_skillsHub@msd.govt.nz)

19. **More effective use of existing skills and labour:** construction companies will improve on-site practices and supervision to reduce waste and the need for re-work as well as reduce the need for additional workers. This aligns with the work of the Building and Construction Productivity Partnership (see [www.buildingvalue.co.nz](http://www.buildingvalue.co.nz)). This may involve:
- early adoption of new technology systems and approaches such as streamlined consenting and lean construction which will help reduce compliance delays, reduce waste and improve productivity for all parties involved in the rebuild
  - supporting the work of the Built Environment Productivity Partnership and implementing their recommendations, such as promotion of Building Information Modelling (BIM)
  - working with standard setting bodies (e.g. local government, LBP) to adapt standards so they are workable in a crisis situation
  - working with external mentors, which would free up supervisors and increase efficiency.
20. **A commitment to training and qualifying locals first** - there are likely to be several groups among the current population of Canterbury who are not currently in the labour market and who could be considered as sources of labour. These groups have an advantage over migrants from overseas or elsewhere in New Zealand as they are likely to have existing accommodation and support in Canterbury.
- \* **Women** - construction firms will consider employing greater numbers of women.  
It is recommended that the Construction Sector sets a target of increasing the representation of women in their Canterbury workforce by at least ten percent by 2017 (about an extra 420 women above 2012 levels).  
Construction firms will develop a recruitment strategy specifically targeted at women. The Women in Power project's Ultimit campaign was such an initiative in the electricity supply industry (see <http://www.ultimit.co.nz>)
  - \* **Other non-traditional sources of labour and skills**, to which construction firms could turn to help fill shortages, include the newly retired, Maori and Pasifika people, and other ethnic groups, Samoan Quota migrants, former migrants and refugees and people with disabilities, people with caring responsibilities, and second chance learners.
21. **Skills shortage lists:** The Canterbury Skills Shortage List (CSSL<sup>17</sup>) applies to skilled occupations (i.e. those at ANZSCO levels 1 to 3 only). The Ministry of Business, Innovation and Employment (MBIE) has established the local CSSL Review Panel of both public and private sector representatives to assess the dynamic flows of skills and labour within and into the region along with intelligence from the Canterbury Skills and Employment Hub, to provide authoritative advice to decision makers on timely and coordinated changes to the CSSL, the treatment of AiPs and temporary work visas at ANZSCOs levels 4 and 5 and the declaration of absolute regional labour shortages for particular occupations. The CSSL Review Panel is an important feedback mechanism. Decision-making will rest with MBIE.
22. **Declaration of regional skills shortage:** It is possible for a situation of Absolute Skills Shortage to be declared for specific regions, which has the effect of removing the labour market check from immigration decisions. This declaration is currently made by the Ministry of Social Development at the discretion of the Regional Commissioner, and confirms that there are no New Zealand job seekers available.

<sup>17</sup> <http://www.dol.govt.nz/publications/research/canterbury-rebuild/index.asp>

23. **Work and Income Jobseekers<sup>18</sup>:** MSD has a range of incentive schemes for employers that involve training for proposed employees. Construction employers will approach MSD's Christchurch Work and Income office to establish 'Skills for Industry' partnership programmes, where Work and Income provides an employer with suitable jobseekers who have been trained to meet the employer's identified skills needs, up to a contracted maximum - this will draw on Work and Income's range of support for employers including trials and flexi-wage subsidies. MSD will explore how it can increase the flexibility of its partnership programmes to take into consideration umbrella organisations and Pooling Labour initiatives.
24. **Immigration NZ:** The Construction Sector will build partnerships with Immigration NZ to devise enabling marketing strategies to source overseas skilled labour and to continue to streamline and improve Immigration NZ processes and tools (e.g. Skillfinder).

Employers recognise that Working Holiday Scheme participants are a valuable source of short-term skills and labour. With over 40,000 WHS participants coming to New Zealand each year, they are becoming a large non labour-market tested component of the labour market nationally as they have the right to work in New Zealand. Immigration NZ will continue to provide good information to employees and employers where WHS participants wish to stay on in New Zealand using other immigration policies to enable them to work longer in New Zealand after their WHS permit expires.



<sup>18</sup> At the end of June 2012, 1184 jobseekers were registered with Work and Income who had experience in one of almost 30 construction-related occupations from steel construction workers to plumbers and gardeners. In the rest of the South Island there were 485 such beneficiaries, and in the North Island 6,176 such beneficiaries. These numbers are likely to overstate the availability of beneficiaries for construction in the rebuild as not all these jobseekers may be work-ready and injury-free. Work and Income has some ability to facilitate the movement of beneficiaries around the country.

## 6. QUALITY OF WORKFORCE

Considerations of labour supply should include quality as well as quantity dimensions, to ensure a quality rebuild for the sustainable economic recovery of the region.

There were concerns about maintaining the quality of the construction workforce during a period of massive growth. This suggests a greater need for supervision and signoff. The growing need for labour mirrors a growing need for leadership skills to supervise that labour.

A current inhibitor to increasing the labour pool is the lack of skilled supervisors to manage the growing crews. The Construction Industry needs to address this and it may mean sourcing from outside of Christchurch in the short to medium term, with a longer term strategy of building leadership capability from the existing workforce, thus encouraging pathways of career progression.

### RECOMMENDATIONS

25. **Supervisor training:** Under the proposed Good Corporate Citizen and Employer Charter (see Recommendation 7 above), construction companies will arrange for supervisors in the rebuild to undergo training, and identify suitable staff for training and become supervisors. Employers will monitor the volume of in-work training.
26. **Working closely with ITOs:** The Construction Sector will collaboratively work with Training Providers and ITOs to establish a shared and sound leadership development training framework. Flexibility will be needed from ITOs to ensure that qualifications line up in a cohesive way.
27. **Sourcing strategy for supervisory staff:** A sourcing strategy will be established as soon as possible to determine the availability of supervisory staff domestically and then in overseas markets. This will involve consideration by MBIE, CERA and MSD of additional supports and incentives for essential workers to move to Christchurch.
28. **Three-pronged Strategy Development:** Stakeholder parties will collaboratively put action plans together on a three pronged approach to increasing the available skilled labour pool in Christchurch:
  - \* NZ Skilled: suggested strategies to include
    - Attracting skilled labour to Christchurch;
    - Retaining current Christchurch skilled labour;
    - and upskilling existing workforce
  - \* NZ not Skilled: devise innovative solutions to attract and train new entrants to the industry
  - \* Overseas skilled market: Construction Sector work collaboratively with each other and Immigration NZ to attract skilled migrants and streamline processing. Strategies will also address effective ways to help integrate migrants into the Canterbury environment.
29. **Pooling arrangements:** construction employers will work together to pool available labour that all employers can draw on as needed, similar to the sort of group training schemes described above.

The conditions in Canterbury offer an opportunity to test Group Training models as a way to address underlying issues. Industry commitment will be needed to Group Training schemes. They are an established model that may be especially effective in responding to shortages due to their ability to allocate trainees for fractions of Full-time Equivalent (FTEs).

The nature of the employment relationship with the Group Training scheme “Employer” should be clearly defined to avoid Group Training becoming a mechanism (as in Labour hire firms) for effectively contracting out casual / short term labour to a variety of employers without offering the employee training or employment stability. The pay, conditions and training obligations provided by the principal employer is very important to the success of this type of approach.

A marketing campaign spreading the word of job and training availability would be useful in encouraging workers to become involved in construction. Similarly, news items in community newspapers showing examples of women and minorities making a success of entry into the industry could inspire labour supply among these groups.

## 7. INNOVATIVE TRAINING SOLUTIONS

Expanding the construction sector over a short period will create high demand for in-work training to train new entrants, upskill existing workers and re-skill experienced workers to take on supervisory roles.

The education and training providers are geared up and responsive. Flexibility in delivery of the training is an imperative.

Access to government support for in-work training is largely demand-led, depending on recruitment and training choices by employers. Greater transparency is needed on what support is available or will consider the needs of the small to medium businesses, not just the large players.

Central to the construction programme for the London Olympics was providing local employment and improving skills to benefit individuals and industry. The most traction was gained by making employment and skills a core deliverable of the construction project and ensuring it was embraced by the supply chain. Tangible and real targets were added to contracts, and targets were also included at the level of each site. Project obligations were monitored regularly.

### **RECOMMENDATIONS**

#### **30. Employers will engage with tertiary providers and ITOs to:**

- ensure educational provision is tailored to their emerging training needs. This will support tertiary providers in scaling up their provision to meet possible need
- encourage the development of flexible solutions to encourage on-job learning. Funding incentives to these providers should enable flexibility and innovative solutions, rather than apply BAU funding models which may restrict solutions
- ensure their marketing is consistent with attracting a diverse range of candidates.



## 8. INDUSTRY STANDARDS

The Licensed Building Practitioner (LBP) scheme was introduced to encourage better building construction and professionalism in the building industry. The Licensed Building Practitioner and Restricted Building Work (RBW) regime are regulatory requirements aimed to ensure that the critical work on residential buildings is designed and carried out by competent practitioners, who can be held accountable if the work is not up to the required standard.

RBW applies only to houses and small to medium-sized apartment buildings (up to 10m in height). It does not apply to any commercial buildings.

An LBP is able to carry out RBW work themselves or supervise unlicensed workers doing it (e.g. a carpentry LBP can do RBW carpentry themselves or supervise a gang of labourers doing RBW carpentry work), so not everyone needs to be licensed.

In terms of sign-off, the RBW regime requires only that the LBP's designers provide a memorandum identifying the RBW elements of their design, and state that these comply with the building code in order to get a building consent. The LBPs who are carrying out the RBW construction work are required to provide a memorandum to the Building Consent Authority (BCA) outlining what RBW work they carried out or supervised - in order to get a Code Compliance Certificate.

RBW relates only to those designing or doing the constructing. Site supervisors do not need to be licensed and are not required to provide any sign-off to the BCA. The Building Act is clear that all LBPs who do RBW construction work must fill in their own memorandum rather than one LBP taking overall responsibility. This differs from the RBW obligations for design, which allow one designer to take overall responsibility for the design.

### **RECOMMENDATIONS**

31. **Work with the Productivity Partnership to identify road blocks:** The sector recommends that the MBIE Productivity Group works with the Construction sector to identify potential road blocks to productivity (e.g. LBP for Vertical, back-trenching standards for Horizontal) and jointly explore ways to continue to have a safe, high quality standard rebuild and increase productivity.
32. **Legislative change to streamline consenting and inspection:** MBIE will continue to work with Christchurch City, Waimakariri and Selwyn District Councils and sector stakeholders to look at opportunities to streamline the consenting and inspection process where work is low risk and is being carried out by competent workers.



## 9. SOCIAL ISSUES

Providing good quality accommodation and proactive settlement support for migrant workers will help to ensure a stable, reliable and focused workforce.

Settlement support is available for new migrants from [www.settlementsupport.net.nz](http://www.settlementsupport.net.nz) or [www.newzealandnow.govt.nz](http://www.newzealandnow.govt.nz), email [settlementsupport@cecc.org.nz](mailto:settlementsupport@cecc.org.nz) or phone 03 353 4162.

Forthcoming from MBIE are two booklets for the construction industry - one for employers who have new workers from other cultures, and the other for workers from other cultures who are working for Canterbury employers.

Recent research carried out for the New Zealand electricity industry found that community ties and relationships are important to retention among Maori trainees, and that having Maori in supervisory roles has a positive influence on culture and a sense of inclusiveness particularly for Maori but also for other trainees. The presence of Maori in leadership roles appeared to contribute to a more whanau/family culture in the workplace.<sup>19</sup>

There are concerns about the prevalence and effect of drugs and alcohol usage on workers and in particular on their occupational health and on site safety.

Some firms have provided access for staff to offsite counselling services, and mediation services are available, such as MBIE's mediation service for problems between employers and employees.

### RECOMMENDATIONS

33. **Drug and alcohol standards:** as part of the Canterbury Rebuild Safety Charter commitments, construction firms will continue to implement consistent standards and policies on all work sites to help identify, address and reduce drug and alcohol use and associated work-related problems (safety, error rates, attendance etc).
34. **Support for abusers:** Construction companies will work collaboratively with support services to which employers can direct abusers.

## 10. ACCOMMODATION

A lack of accommodation for construction workers, and competition with displaced residents, is likely to be a major constraint for the rebuild, as the construction sector may experience difficulties sourcing suitable and affordable temporary accommodation for out-of-town workers.

Competing demand or a surge in demand for temporary accommodation is likely to contribute to post-disaster inflation, which can hinder economic recovery. Demand for housing from construction workers is likely to compound the shortage of houses available to renters and residents displaced by the earthquakes as well as the shortage of hotel and motel accommodation available for tourists.

Case studies<sup>20</sup> from a range of organisations involved in the rebuild have shown that hiring strategies have changed the landscape of workforce demographics, as construction companies look overseas for skilled workers. To accommodate new/relocated/seconded employees from outside Christchurch, various accommodation options have been used, including:

- Workers on short-term relocation/secondment (e.g. weekly or fortnightly fly in/out) are likely to stay in apartments, townhouses, motel and hotel rooms, bed and breakfasts and home stays
- Staff on longer relocation and/or secondment are often housed in rental properties and company houses
- Those recruited from overseas on a short-term or temporary basis and those on permanent transfer often receive relocation assistance from their employer which may involve provision of temporary accommodation until permanent is found. Most who came from overseas preferred to find permanent housing
- In most cases, companies found they needed to secure a range of accommodation options on longer leases.

<sup>19</sup> Electricity Supply Industry Training Organisation (ESITO). ESITO Sector Leadership Project - improving responsiveness to Maori, Pacific People, Migrants and Women. March 2011 [research conducted by HeathRose Research Ltd]

<sup>20</sup> Alice Chang-Richards, Suzanne Wilkinson, Erica Seville, David Brunson. Myths and Realities of Reconstruction Workers' Accommodation. The University of Auckland, BRANZ. February 2013



Other key findings include:

- The need for single-stay accommodation of temporary workers has largely been met by Christchurch hotels and motels, and other types of boarding houses
- Housing individual workers has been manageable for many organisations
- The real concern for organisations studied is the availability of suitable and affordable housing for workers with families
- Interim housing (e.g. temporary villages) need to be designed with longer-term wider social and economic benefits, and mainly with a second use factored into the design
- Workers camps should have sufficient flexibility in their design to ensure that structures can be adapted and moulded to meet a variety of needs and expectations
- Also by design, interim housing can be of various types, such as mobile homes, tourist facilities, modular houses or permanent boarding rooms, intended to provide basic shelter and minimum amenities suitable for a temporary living situation for construction workers. The second-life purpose should be a priority in the initial design
- The design of a workers' complex should be well communicated to local communities to seek community acceptance. If people have been led to believe interim housing is temporary, they may resent it later if it stays onsite but undergoes a change of use (e.g. to old people's accommodation).

Employers recognise that the availability of accommodation will be a significant factor in attracting and retaining employees to the region, particularly those with families.

Employer willingness to invest in worker accommodation projects depends on greater certainty about deal flow volume and timing. It is therefore important that Recommendations 4 and 5 about information and deal flows are implemented.

As the new Skills and Employment Hub is focused on job matching, there may be potential to expand its services – or those of other organisations involved in employment and skills – to include advice and information about accommodation availability. This could be delivered through adding appropriate links to the Hub's website.

## **RECOMMENDATIONS**

35. **Temporary accommodation:** Employers will investigate the scope for joint ventures for short-term temporary accommodation projects including for migrant workers
36. **Board and lodging:** employers will work with CERA on the prospect of introducing a clearing house for board and lodging arrangements across Canterbury, which could be a function of the Canterbury Earthquake Temporary Accommodation Service (CETAS) or of the new Canterbury Skills and Employment Hub
37. A taskforce with a mandate for **interim housing solutions** will help increase construction companies' buy-in and acceptance of interim housing solutions. The taskforce can develop housing plans as well as quickly convene all stakeholders to decide mutually agreeable housing solutions.

## 11. FUNDING MODELS TO INCENTIVISE CONTRIBUTORS TO INCREASING THE SKILLED WORKFORCE

Many funding models from MSD, TEC and MOE, are set up for a BAU environment. This may make it difficult to develop initiative to support people transitioning from one system to another. There needs to be more emphasis on aligning incentives to enable mixed-mode delivery, such as exploring ways in which schools support their pupils to undertake work-based industry apprenticeships through arrangements with employers.

Current models potentially inhibit innovative solutions to attracting and training new entrants. They may also potentially restrict the way in which training institutions provide flexible services to industry.

New programmes, such as Youth Guarantee, Trades Academies, and Vocational Pathways are encouraging schools and tertiary providers to collaborate on the development and delivery of relevant programmes that lead students to successful transitions into further education and employment, including into the construction sector.

This includes cashing-up funding for students involved in partnership programmes, and offering funded opportunities for young people to study in a tertiary environment.

A new Vocational Pathway has been developed through an education and industry partnership for the Construction and Infrastructure sector. This outlines the skills and knowledge that employers across the sector are looking for. Students can use the Pathways to structure their NCEA qualifications in ways that build a strong profile of skills for the Construction and Infrastructure sectors.

### RECOMMENDATIONS

38. **Funding incentives:** the construction Sector to work with Ministry of Education and others to identify funding models that would incentivise contributors (employers, schools, training providers, ITOs) to add to the skilled labour pool in Christchurch. Government Agencies will consider the proposals and change policy and/or have a separate policy for Christchurch.
39. **Youth Guarantee:** Construction Sector to promote use of Construction and Infrastructure Vocational Pathway under the Youth Guarantee scheme to encourage delivery of relevant programmes and strong foundation skills for the sector.



## IMPLEMENTATION PLAN

The following implementation plan will be overseen by the Construction Sector Leaders Group Panel, to be established in line with Recommendation 15 above.

The first task of the Panel will be to confirm the leads for each action item, when it will start and the target completion date.

	RECOMMENDATION	OWNER	START	FINISH	PROJECT LEAD	RESOURCE NAME
<i>CLARIFYING THE SCALE OF ADDITIONAL LABOUR DEMAND</i>						
1	★ Current workload	CERA MBIE				
2	★ Future workload	CERA MBIE				
3	★ Sector responses	Skills Shortage List Review Panel (MBIE, stakeholders)				
<i>BETTER WORK SCHEDULING INFORMATION</i>						
4	★ Register of works (Forward pipeline)	CERA, EQC, MBIE				
5	★ Deal Flows	CERA, EQC				
<i>HEALTH AND SAFETY</i>						
6	★ Canterbury Rebuild Safety Charter	MBIE, CERA, ACC, Other Government Departments, Insurers, Construction companies,				
<b>Note:</b> The first six recommendations are priorities and they set up the necessary conditions for the implementation of the rest of the action plan						
<i>SUPPORT THE “GOOD CORPORATE CITIZEN AND EMPLOYER CHARTER”</i>						
7	Good Corporate Citizen and Employer Charter	MBIE CERA Govt clients PMOs Unions				
8	Procurement Approaches	MBIE CERA Govt clients				
9	Recruitment Practices	Employers				
10	Recruitment processes	Employers				
11	Employment Practices	Employers				
12	Anti-poaching agreement	Leaders Group Employers				

	RECOMMENDATION	OWNER	START	FINISH	PROJECT LEAD	RESOURCE NAME
13	Multi-Employer Collective Agreement (MECA)	Leaders Group Employers				
14	Retention	Leaders Group Employers				
<b>SKILL SHORTAGES</b>						
15	Construction Sector Workforce Leaders Group Panel	Leaders Group				
16	Marketing Campaign	CDC, CESB, MBIE, CERA, INZ				
17	Research on Regional Opportunities	TEC MBIE, CERA and other interested agencies				
18	Canterbury Skills and Employment Hub	MBIE/MSD/TEC/CERA				
19	More Effective Use of Existing Skills and Labour	Leaders Group Employers				
20	Training and qualifying locals first					
21	Skills Shortage Lists	MBIE				
22	Declaration of regional skills shortage	Skills Shortage List Panel (MBIE, stakeholders)				
23	Work and Income Jobseekers	Employers MSD				
24	Partnerships with Immigration NZ	Employers INZ				
<b>QUALITY OF WORKFORCE</b>						
25	Supervisor training	Employers TEC Training providers ITOs				
26	Work closely with ITOs	ITOS, Training Providers				
27	Sourcing Strategy for Supervisors	MBIE, CERA, MSD				
28	Three-pronged strategy development	Employers				
29	Pooling arrangements	Employers, Training Providers				
<b>INNOVATIVE TRAINING SOLUTIONS</b>						
30	Engage with Tertiary Providers and ITOs	Employers, ITOS, Training Providers				

	RECOMMENDATION	OWNER	START	FINISH	PROJECT LEAD	RESOURCE NAME
<i>INDUSTRY STANDARDS</i>						
31	Work to identify road blocks	MBIE				
32	Legislative change to streamline consenting and inspection	MBIE, CCC				
<i>SOCIAL ISSUES</i>						
33	Drug and alcohol standards	Employers MBIE, MSD				
34	Support for abusers	Employers				
<i>ACCOMMODATION</i>						
35	Temporary Accommodation	Employers				
36	Board and Lodging	Employers, CERA, CETAS, Hub				
37	Interim housing solutions	Employers				
<i>FUNDING MODELS TO INCENTIVISE WORKFORCE UPSKILLING</i>						
38	Identify possible cross-sector funding models to support skills development	TEC				
39	Encourage schools and TEOs to align with Vocational Pathway for Construction and Infrastructure	MOE, Employers				

