THE MAGAZINE FOR ASSOCIATION OF WALL AND CEILING INDUSTRIES OF NEW ZEALAND

insight

JUNE/JULY 2021

Masters of Residential & Commercial Interior Systems

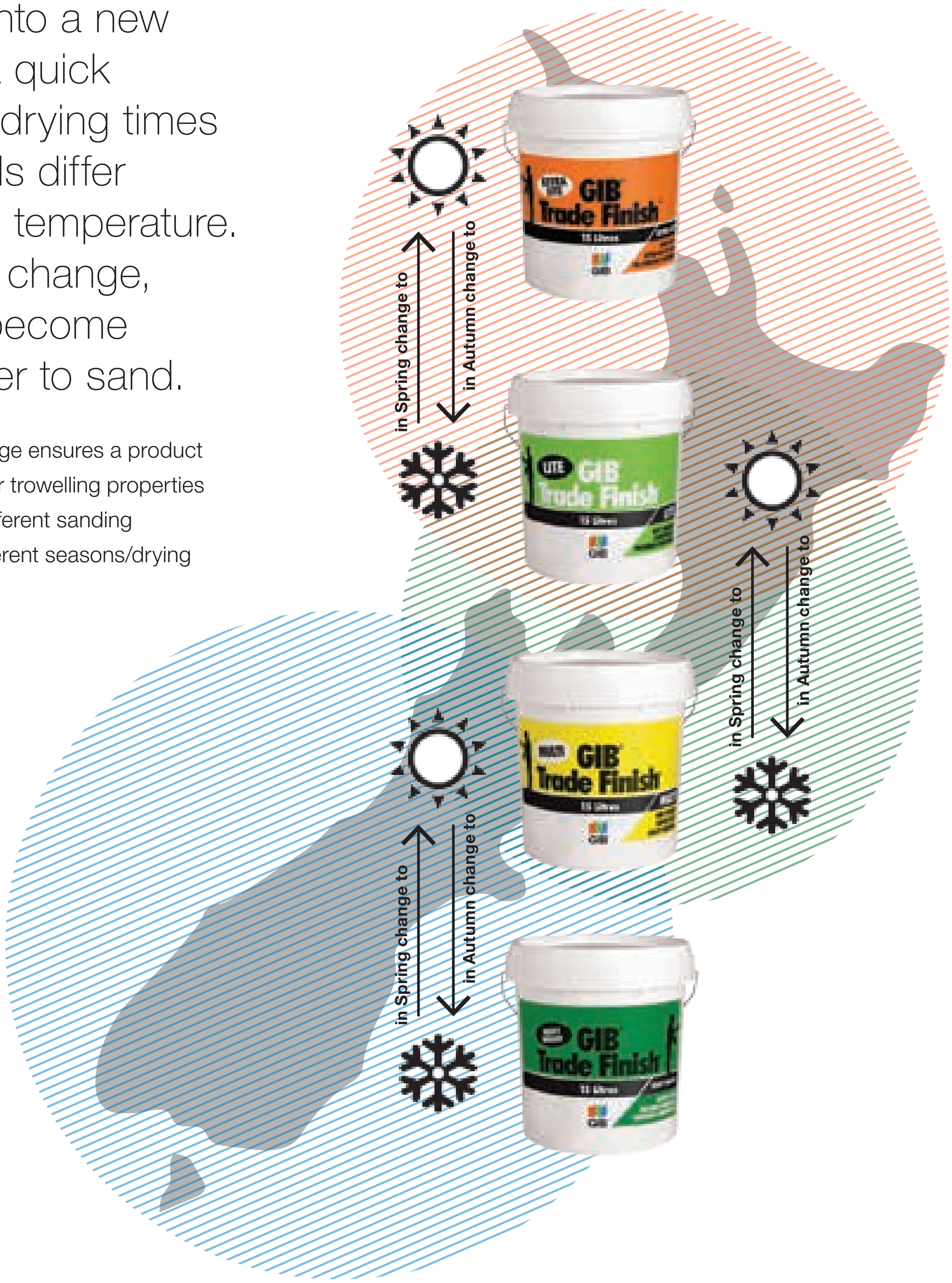
AWCI

INSIDE: Budget 2021

Dealing with false or misleading Vaccine information in the workplace

Why do drying times for compounds differ?

As we move into a new season, just a quick reminder that drying times for compounds differ depending on temperature. As conditions change, compounds become harder or softer to sand.



The GIB Trade Finish® range ensures a product is available that has similar trowelling properties through the range, but different sanding characteristics to suit different seasons/drying conditions.

The warmer the weather, the harder the product will become to sand.

The colder the weather, the softer the same product will become to sand.

Download the 'Case Study' document or contact the GIB® Helpline on 0800 100 442 for further information.

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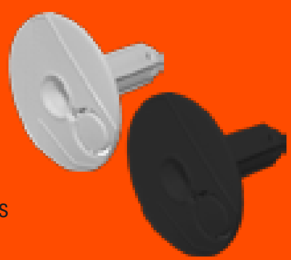
InsulFast™ T4

The Smarter Insulation Fastening System

InsulFast™ T4 Features



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- One-step installation
- Eliminates all fastener-related pre/post work

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Reduces thermal bridging

- Integrated cap creates thermal break
- Saves energy, reduces building heating & cooling costs

Performs in multiple environments

- Works with insulation up to 150mm thick
- Installs directly to concrete, block, steel stud, & timber
- Works in all weather conditions

Our Patented Fastener

Integrated Cap creates a thermal break and reduces thermal bridging, achieving up to 99.5% thermal efficiency when closed.

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Engineered curved anchor shaft design limits insulation compression, enabling full thermal efficiency.

Learn more by scanning our code or visit:

ramset.co.nz or call **0800 RAMSET**

Ramset™

President's report

From the trowel of Gabriel Ataya

We have been busily planning for our National conference event that is coming up in July in Tauranga. I can't stress how worthwhile and important it is for all members to get along to a conference event like this. Being at the conference doesn't mean you are going to sit in a classroom all day – although some of the speakers at the event are world class. The opportunity to talk with so many manufacturers who are demonstrating their latest products and to network with other members of our specialised industry is something not to be missed and really helps develop your business. You can't put a price on the conversations, workshops and interactive panel sessions that occur during this event. We hope to see you come along.

There has been plenty happening in the industry over the past few months. The flow of work is strong for many members and looks to continue like that for a while. In times like this it is easy to focus on the "here and now" and forget about long-term growth. The more you can work "on" your business, rather than "in" is the best prevention for future issues and to foresee where growth might come from.

My sincere thanks to all the entrants in this year's Awards of Excellence. The standard of entry and quality of work demonstrated coming through is very high. We can look forward to a fun Gala Dinner event which will show off the all the winners and entrants into this competition. It is fabulous to see the great work being done by our members and shows what a great industry sector we work in.

Finally, it is great to see the continued growth of the Association as we welcome new members to the Association. Keep up the good work.

Gabriel Ataya
AWCI President

Construction News

NEW PENALTIES FOR BUILDING ACT OFFENCES:

The Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill has passed into law, which means, from 8 June 2021:

- Maximum penalties on conviction have been increased to a level that reflects the seriousness of the offences.
- Some maximum penalties are set differently for individuals than those for organisations.
- The timeframe to investigate a potential offence against the Building Act and file a charge has doubled from six to 12 months.

Changes to public notification and the building levy have also come into effect. These changes allow:

- the Chief Executive of MBIE to spend the Building Levy on a broader range of functions under other relevant legislation to improve MBIE's ability to monitor, oversee or improve the performance of the building sector.
- public notifications to be carried out online rather than requiring notifications to be published in daily newspapers.

The penalty changes

The intent for these increased maximum penalties is based on the following factors:

- the harm these offences may do to an individual or the wider public
- the possible harm to the integrity of the building regulatory system
- the fairness of the fine and its appropriateness in creating compliance
- how other penalty regimes responded to similar offences.

Some maximum penalties are set differently for individuals than those for organisations. For example, some maximum penalties that were previously $5,000 upon conviction have now increased to $50,000 for individuals, and $150,000 for organisations.

A full list of offences, and what new penalty amounts apply can be found on the Building Performance website.

Learn more about the new penalties

Increased timeframe to file a charge

Prior to 8 June 2021, enforcement agencies (MBIE, territorial authorities, regional authorities and other authorised people) had six months to file a charging document for an offence against the Building Act from the date that an offence becomes known, or from when the agency could not justify having missed an offence. That time has now doubled to 12 months, and we believe this change will help:

- strike a balance between sufficient time to investigate a charge and timely prosecution
- align with other Acts, such as the Electricity Act 1992, or the Health and Safety at Work Act 2015
- allow for greater time to work with individuals under investigation and help them achieve compliance.

What happens to offences committed before 8 June 2021?

These new penalties and increased timeframes to file a charge only apply to offences committed from 8 June 2021 onwards.

If an offence was committed before 8 June 2021:

- The previous penalties still apply.
- The timeframe for enforcement agencies to lay a charge is still six months, **even if their investigation starts after 8 June** 2021.

CHRISTCHURCH AND QUEENSTOWN OFFCUT RECYCLING SERVICES NOW AVAILABLE

The New Zealand building industry is becoming increasingly aware of the importance of reducing the growing level of construction waste ending up in landfill. Winstone Wallboards is actively exploring innovative ways to

reduce the level of plasterboard waste being generated.

Working closely with customers, local councils and waste specialists, Winstone Wallboards is exploring a range of long term waste minimisation solutions which is especially relevant given that recent data collected from New Zealand construction sites indicates that timber and plasterboard offcuts contribute the largest percentage of construction waste currently entering New Zealand landfill sites.

"Our approach is to firstly to look at ways to minimise plasterboard waste created in the first place. We are actively working to develop practical industry tools that help customers to do this" says Winstone Wallboards Residential Market Manager Gordon White.

"However, we also need to recognise the need to work with the wider construction industry to find viable solutions to dispose of plasterboard offcuts generated during the interior lining process. That's why we are also helping to facilitate plasterboard recycling options wherever practical."

In addition to the Auckland Green Gorilla service, plasterboard onsite waste collection and recycling services are now also available in the Christchurch and Queenstown areas.

Operated by Waste Management in Christchurch and AllWaste in Queenstown, customers working on new build projects can have 'plasterboard only' bins delivered to site during the interior lining stage. The bins when full are then uplifted and sent to a local recycler where the gypsum core is extracted and reused in a range of horticultural and agricultural products.

This is great news for trade customers operating in these areas who have been seeking on site plasterboard recycling service options. It's also very useful for Homestar and Greenstar projects as it can help customers claim points for waste diversion under these schemes.

With onsite collection and recycling services are now operating in Auckland, Christchurch and Queenstown over half of the New Zealand plasterboard market has some form of offcut recycling options available.

While this is good progress Winstone Wallboards recognises the need to continue working with the industry, waste providers and regional councils to further expand recycling capability into other regions where it is viable to do so.

FREE IN-PERSON DIGITAL WORKSHOPS

Find free, in-person workshops in your region, with digital experts who will teach you things like:

- becoming more profitable through digital
- why you should (or shouldn't) invest in digital infrastructure

the benefits of moving any part of your business online.

https://digitalboost.co.nz/construction

NEW ACC LEVIES COMING OUT

ACC levy invoices will be sent to businesses from July so now is the time to make sure that all the details about your business are correct. This will ensure that ACC can get your invoice right, the first time.

ACC levies are calculated based on your liable payroll that you declare with Inland Revenue and the type of work you do (or Classification Unit). Other things that we need to know about to ensure your invoice is correct include:

- You're no longer operating a business
- You've merged or sold your business
- You've changed the type of work you do

The best way to check and update your business details with ACC, including getting your invoice sent to you via email, is to login to **MyACC for Business**. You can update these details at any time. You can also Live Chat with us on MyACC for Business.

We're aware that some businesses continue to suffer the effects of COVID-19 and want to let them know that we can work with them in different ways, providing they contact us early to discuss payment options.

Visit **www.acc.co.nz/invoicing** for more information.

Budget 2021: Spending boosted, but delivery will be closely watched

by Brad Olsen, Infometrics

The 2021 Budget showed a much-improved economic outlook from the Treasury, but also further raised questions about the ability for the government to execute its ambitious policy agenda. Along the large spending commitments, and improvements in the government's fiscal position were signs of some restraint.

A plethora of paper, ink, and keystrokes have been deployed to communicate and analyse Budget 2021. So, although this article will briefly review some key budget items, it will also focus on unpicking the Treasury's latest forecasts and examining the government's ability to deliver their spending commitments.

Benefit raises cause for relief, not elation

The $32-$55pw increase to main benefits was, in a sense, well signalled pre-Budget by both the lack of major spending announcement and the lack of action on supporting lower income New Zealanders in recent years. The government's own Welfare Expert Advisory Group reported back in 2018 with recommendations for higher benefits – advice that took a long time to act on. The increases weren't met with any elation that more support was on the way, but instead were met with relief that some help was finally on its way after vocal calls that went unheard for years.

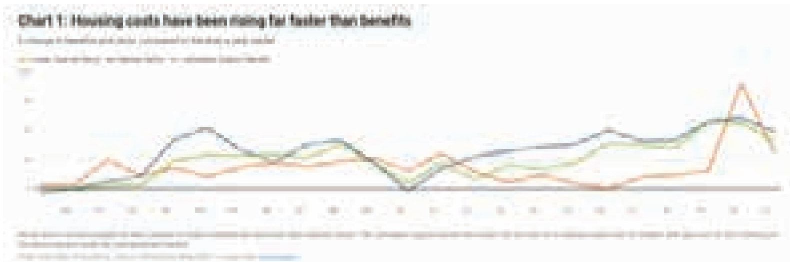


Chart 1: Housing costs have been rising far faster than benefits

The increase in benefits will provide a small overall increase in economic activity as the boost will increase private consumption. However, part of the increase will be eaten up by higher costs of living expected this year. Even more critically, the substantial increase in living costs means that there will little real movement in outcomes for low-income Kiwis.

Crude analysis by Infometrics shows that housing costs will be taking up an ever-increasing share of benefit support. Comparing weekly net Jobseeker Support benefit payments for a couple without children to average weekly rents shows a clear trend. Although comparing main benefit levels with rental costs ignores other forms of government support including the Accommodation Supplement, Chart 1 does demonstrate how rental increases have been larger than benefit increases in recent years.

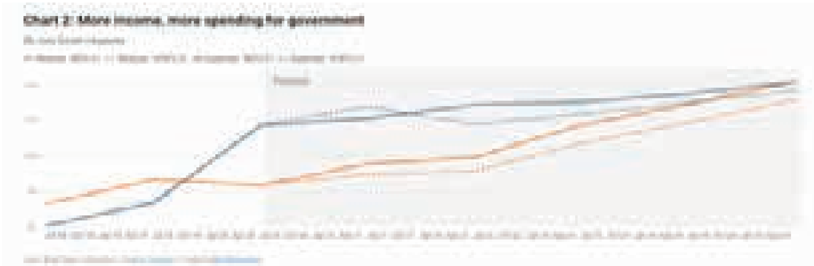
On our crude measure, in April 2000 average weekly rent could take up 60% of the chosen weekly Jobseeker Support benefit. In April 2021, rent took up 91% of the available benefit.

Opening the books: more revenue, more spending, less debt

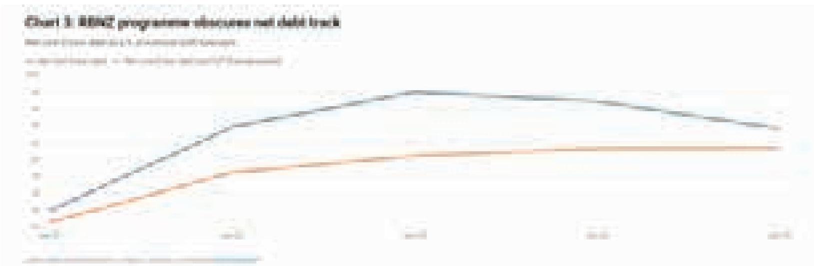
Upgraded forecasts show a much healthier set of government accounts. Better economic activity, job levels, and spending, is set to boost revenue. Treasury now forecasts that core Crown revenue will be 4.5% higher by 2025 than forecast at the Half Year Economic and Fiscal Update (HYEFU) 2020 update (see Chart 2).

With more money available, the government is also looking to increase its spending. Core Crown expenses are expected to be 2.0% higher than last forecast in December by 2025.

Better revenue outcomes and a less



severe hit to the economy means that debt levels are set to be lower, with a return to surplus now in sight. Treasury projections show a possible return to surplus in 2027, compared to no projected surplus by even 2035 based on HYEFU figures from December 2020.



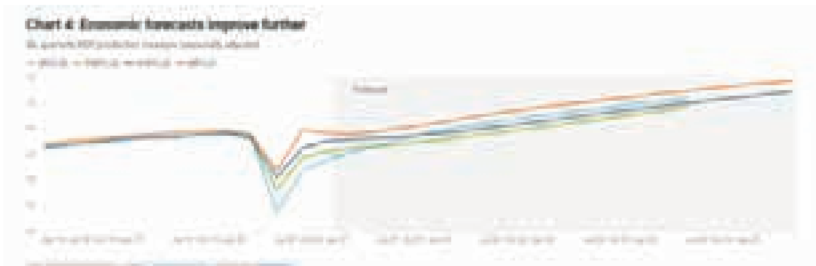
This overall combination means that net debt, as a share of nominal GDP, is expected to peak far lower, at 48% in 2023. The lower than expected debt profile will be of welcome relief to many who are showing rising concerns over debt levels. But the net debt measure likely overstates the current debt load of the government.

The accounting terms are complicated, but simply put the Reserve Bank's Funding for Lending Programme (FLP) is counted on the government books as money used as an advance (so higher debt), but under current accounting standards the money to be paid back eventually is not counted, even though retail banks will repay it.

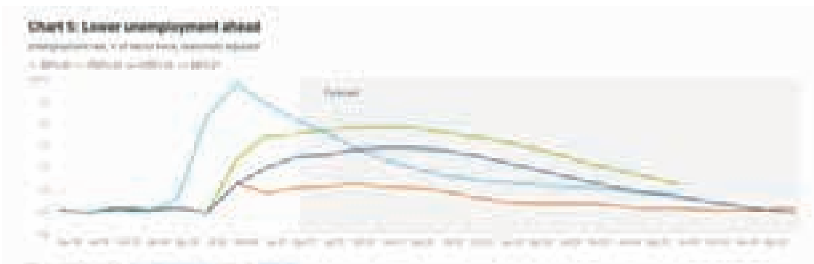
Overall, including the "incomings" of the FLP as well as the already counted "outgoings" means that net debt to nominal GDP could peak at only 41% of GDP.

Better economic forecasts chart a faster recovery

Treasury has further upgraded its economic forecasts and now expects to see the economy return to and remain above pre-pandemic levels a year earlier than expected, with a much better starting point providing the basis for further economic activity (see Chart 4).



Alongside the improved economic activity track, unemployment is forecast to remain much lower, returning to below 4.5% by the end of 2022 (compared to September 2023 in the HYEFU). Treasury's forecasts were finalised before the better-than-expected 4.7% unemployment rate announcement for the March 2021 quarter. The further improvement in the labour market suggests that unemployment might well have peaked at 5.2% in 2020, and even these rosier forecasts might be revised lower still (see Chart 5).



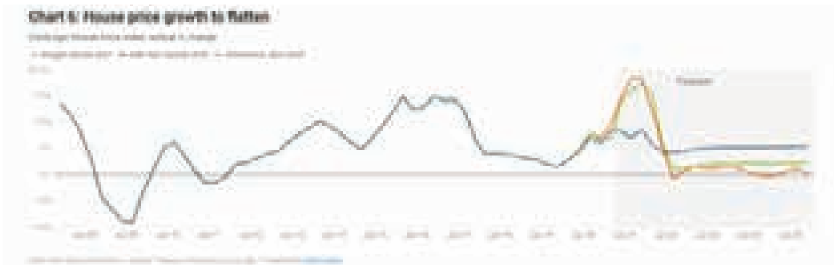
Overall, Treasury's economic forecasts paint a much more upbeat view of the economy heading forward, and show New Zealand's post-COVID recovery maintaining its present momentum. Although this upbeat view is shared by most forecasters to varying degrees, there are risks to both the up and downside. On the upside, the strength of the economic recovery has continued to overshoot expectations, meaning more of the same might well eventuate. At the same time, if the economic recovery was to peter out, another COVID outbreak occur, or global growth stall, our economic revival would similarly slump.

House price growth to rapidly disappear

Of great interest post-Budget has been Treasury's forecast for house price growth to flatten away to just 0.9%pa in

Budget 2021: Spending boosted, but delivery will be closely watched *continued...*

mid-2022. Although seemingly sharp and abrupt, the Treasury forecast is remarkably in line with Infometrics' April 2021 forecast track (see Chart 6).



The expectation for house price growth to flatten is driven by a combination of the Reserve Bank's reintroduction of tougher 40% loan to value ratio (LVR) restrictions, coupled with the reaction from investors to the government's March 2021 housing package including the removal of interest deductibility and a 10-year bright line test.

All these factors working together are expected to reduce demand for housing, particularly from investors, which will take a substantial level of wind out of the housing market's sails heading forward.

There remain risks to this forecast either way. The level of undersupply of housing, coupled with unshaken demand for housing by investors, could see house price growth shrug off the negative views to maintain a fast pace ahead. Stronger demand than expected (in the face of policies designed to curb such investment enthusiasm) could well appear due to still low interest rates, with investors still wanting housing as an asset expected to rise in price. However, the outcome appears unlikely unless the substantial concerns aired about the removal of interest deductibility are all just bluster.

At the same time, a soft landing hard to engineer and an overreaction from investors fleeing the market or acting hypercautious about house prices could see a fall in prices into 2022. This drop in prices also appears unlikely, given that there will still be some investors able and willing to invest, and the undersupply of housing will maintain a limit to softness in house prices any time soon.

Concerns over delivery limits further government action

New Zealand faces a range of well documented challenges which will require significant investment to address. Housing supply and outcomes, climate change, child poverty, broken water infrastructure, mental health issues, and skills development are only some of the issues often repeated. So it was telling that with such a substantial upgrade to the fiscal outlook that the government didn't look to invest further.

The challenges we face will only continue to rise in price, and the time spent waiting will continue to increase pressure on many groups who face their circumstances getting substantially worse before they get better. Interest rates and therefore debt servicing costs remain incredibly low. Together, these factors and the larger relative rise in revenue compared to expenses, a faster return to surplus, and a lower debt track combine to signal a self-imposed restriction to further investment.

This restraint underscores a concern that the government is hitting limits when it comes to delivering their commitments. Two factors stand out to demonstrate these limits. First, the government is undertaking significant packages of reform across many sectors, including a complete overhaul of the health, water, and vocational education systems, with a review of local government just beginning. Additionally, "shovel-ready" (perhaps now better named "pencil-ready") projects are still only slowly getting moving, and the New Zealand Upgrade Programme is up in the air as cost estimates require either a reduction in projects, scope, costs, or all three.

In short, the government has previously been caught short by overpromising and underdelivering, and it was burnt by the attacks landed by critics. Now, the government appears to be more cautious with taking on an even larger body of work, with the creation of an Implementation Office reiterating this point.

Capacity and capability within government is stretched by the large pieces of work already underway and has been found wanting when it comes to execution. Until these constraints are addressed, it's likely the government will act more cautiously about the additional work it takes on and may well remain more ambiguous about its targets and expectations for delivery.

Are these 5 "system fails" letting your business down?

Business coach Daniel Fitzpatrick looks at the 5 tell-tale signs of bad systems in a tradie business

If you're struggling to systemise, you're not alone. At a certain size of business, the moving parts are harder to control and you run out of hours in the day. That's when systems save your bacon.

Which of these tell-tale signs does your business have?

#1. YOU'RE OVERWHELMED WITH WORK

You're busy. Working big hours to fit all the pieces together. Business has become all-consuming. Your family is missing out.

And if you're being honest? Jobs are a bit out of control. They aren't being well-organised. When schedules change, or staff are off sick, it's even worse.

We've all been there. But if this is happening to you month after month, it's a red flag you're taking on too much work.

You're likely mis-judging your capacity.

An easy trap for tradies to fall into. Obviously you know what projects are lined up. But until all jobs are visible in one place you can't truly get a handle on how much extra you can accommodate. Rely on a good scheduling system. Build in a buffer so you can be flexible enough to adapt. Only then can you get capacity right.

Hard time turning work down? A better filtering system can identify which work you do/don't want. An improved line of questioning can help you to say "no" to customers - while still having them walk away happy.

To increase capacity, you'll also need to hurdle the skills shortage with a hiring system that attracts quality staff. So you can take advantage of the current boom and grow your business.

#2. YOUR CASHFLOW IS HIT OR MISS

It's close to the 20th. A few people haven't paid you. Now you need to pay suppliers and staff. But there's a cashflow gap.

So you scramble to get the money in. Who can you invoice now? Who can you chase? Who can you delay paying?

If you're a husband/wife team, prepare for a late-night argument about who is to blame.

Or ring the bank and beg some guy who doesn't understand your business to stump up the money to tide you over. It sucks.

And it's all down to not having robust enough cashflow systems.

If only you'd billed work out earlier, been in touch with late payers sooner, or structured progress payments to better suit your timing. These aren't the whole answer but stack the odds in your favour.

Do cashflow right and next time the 20th rolls around you'll have better options. The trick is to make cashflow as predictable as possible, minimise surprises.

It's having a nice cash buffer in the bank for rainy days. It's seeing ahead, knowing what's going to be in your account when - and how much is yours after all the bills are paid.

Work the system diligently and you'll almost always have enough cash in the bank. So if someone doesn't pay on time, you're okay.

#3. EMPLOYEES MAKING COSTLY MISTAKES

A customer calls, there's problems with the job, they're not happy. Re-do's cost you time and money and hurt your reputation.

You arrive onsite and realise things are wrong. You have to pull up your team, commit more time to correct things.

Even worse you feel you can't leave site, you need to be there to make sure all goes smoothly from now on.

Staff are the backbone of your operations. It's essential they are getting things right. You need a solid team that listens, understands what needs to be done, delivers great work at a professional level.

If mistakes keep happening, it's because there are not enough rules and systems onsite so everyone knows what's expected.

Or if you've got good systems and your team aren't using them, you've got an issue with buy-in.

It's easier than you think to be the leader that gets everyone pulling the same way, motivated and taking responsibility for their part.

It all comes down to having good procedures, checklists, and follow up. So things are done right and mistakes are stopped before they happen.

This enables you to deliver on your promises, delight clients, hit targets.

Best of all your time is free. You can be away from site knowing jobs are in safe hands. Or your foreman sorts it for you.

Bonus is, when you make it clear you expect accountability, those 1 or 2 disruptive staff members? They'll either step up or bow out. Creating a strong team culture also means improved productivity, less sick leave, and your best staff won't leave.

#4. LOSING MONEY ON JOBS

Has your business sprung a profit leak? This might show up when you do a bit of costing on a few jobs and it seems like there's some holes there. Or that last job took longer than you thought. So you know you didn't make any money on it. Basically you're doing a lot of work but there's not much money in the bank account to show for it.

Keep in mind: Bigger businesses have bigger holes. Larger jobs, more staff, multiple jobs all add costs and leak money much faster.

If you're regularly losing money on jobs, let's look at your financial systems. Start here:

A) Your pricing process

You might be under-estimating the hours. Or basing your price off old supplier costs. Are you quoting what you think the market will pay or the margin your business actually needs?

Price right - in the sweet spot. Not too low you don't make good money. Not too high you price yourself out.

B) Your system for tracking and controlling costs on the job

Losing margin? Projects always blowing out? Do you often find yourself doing work you feel you can't charge for, so your margin takes the hit?

Let's get your project management software working to its fullest. Maybe you're not tracking target costs and hours to the level you should. Red flag is: not finding out things have gone south until it's too late to do anything about it.

Usually, profitability can be vastly improved with just a few tweaks.

I know we've got this right when tradies I coach are hitting the margins they want. They grin and say “Dan there's a lot more money in the bank now. Cashflow is way easier. I've adjusted my pricing, and clients agree to pay for variations with no dramas”

Are these 5 "system fails" letting your business down? *continued...*

#5. YOU'RE BURIED IN ADMIN AND CAN'T GET THE IMPORTANT STUFF DONE

Despite your best intentions, urgent things come up, and they can't wait. Your week is derailed by quotes you have to finish, things happen on site you have to deal with, your inbox is outta control...

Truth is: To progress the business and regain your sanity, you simply can't be overly involved in the day-to-day runnings.

The answer is to implement a good system for how you spend your time.

You must decide which tasks are most important. Both for the business to be successful, and for you to be happy.

Schedule your priorities and work on the most important stuff first. Tasks that give you the most ROI. Dedicate specific time blocks in your week for certain tasks. So the important stuff has its place.

Part of extracting yourself involves delegating repeatable tasks (and the more simple decisions) safely to your team. Having robust systems and checklists is the only way to hand off tasks and trust they'll be done right. This way a lot of things can happen without your direct input.

This creates more time for you. For higher-level tasks. For family time, rest and relaxation.

Stacking small wins to free yourself from working "inside" your business creates a positive chain reaction where every week, things get a little more structured, a little easier and more profitable.

You've built a great business. You just need to systemise to take the pressure off a bit. With systems for your capacity, cashflow, team/onsite operations, pricing/margins, and time.

Need a bit of guidance in how to proceed? Grab a free chat with me here:

https://nextleveltradie.co.nz/nextstep/

By Daniel Fitzpatrick

Business Coach

Next Level Tradie

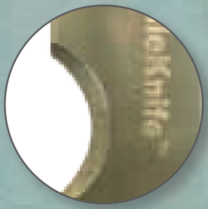
HardieKnife™

Cuts 4.5 to 9mm thick fibre cement sheets

Now easier to cut with NEW HardieKnife™
Fibre cement sheets like HomeRAB™ Pre-Cladding, RAB™ Board, HardieFlex™ Sheet, HardieSoffit™ Lining, Villaboard™ Lining and Tile and Slate Underlay


SCORE


SCRAPE


SHAVE

GET ON BOARD

*Additional scoring may be required depending on user experience and quality of score.

Dealing with false or misleading vaccine information in your workplace

Getting vaccinated is a personal choice, but if you want to support your employees to make informed decisions, make sure they know where to find the facts.

TAKE CARE WHAT YOU SHARE

Not everything online is factual and accurate. We can quickly and subconsciously accept news that aligns with our beliefs and negatively react to information that is different. It's important to take time and reflect when you read something about the COVID-19 vaccine, before acting.

Social media companies typically use algorithms to pick up false and misleading information. You may have seen a flag or small message on certain posts advising that the information is related to COVID-19 and will link you to a trusted source. These aren't 100% fool proof. It's important to remain vigilant with the information you share or post online. Always cross-check and review anything online regarding the vaccine by using the reliable sources listed below.

If you need to communicate with your employees about the vaccine rollout, CERT NZ provides guidance for appropriate ways workplaces can do this.

Technical guidance about COVID-19 vaccine communications in the workplace(external link) (https://www.cert.govt.nz/business/news-and-events/technical-guidance-about-communicating-thecovid-19-vaccine-rollout-for-workplaces/) – CERT NZ

GET THE FACTS

Accurate and reliable information regarding the COVID-19 vaccine rollout in Aotearoa can be found here:

Ministry of Health(external link) (https://www.health.govt.nz/our-work/diseases-andconditions/covid-19-novel-coronavirus/covid-19-vaccines)

Unite Against COVID-19(external link) (https://covid19.govt.nz/covid-19-vaccines/)

Local District Health Boards (DHBs) (external link) (https://www.health.govt.nz/new-zealand-healthsystem/key-health-sector-organisations-and-people/district-health-boards/district-health-boardwebsites)

Your GP, pharmacist or health professional.

REPORT IT

Any false or misleading information such as leaflets, publications or websites can be reported to CERT NZ, either online or by calling **0800 2378 69**.

Report COVID-19 vaccine scams or misinformation(external link) (https://www.cert.govt.nz/individuals/common-threats/covid-19-vaccine-scams/report-covid-19-vaccine-scams-or-misinformation/) – CERT NZ

You can report what you believe to be false or misleading information seen on social media to the respective social media platform eg Facebook, Twitter etc. These platforms will have buttons or 1/3 forms in which you can report this information.

The different kinds of false and misleading information

Misinformation – false information but not created with the intention of causing harm (eg misleading vaccine information shared with good intent).

Dealing with false or misleading vaccine information in your workplace

continued...

Disinformation – false information
and deliberately created to harm (eg ideologies and theories purposely giving misleading or dated vaccine information).
Malinformation – information based on reality that's used to inflict harm on a person, organisation or country (eg leaks of private information that has been deliberately changed).
Scams – based on reality, but aiming to extort information and/or money (eg advertising advising of early access to vaccination for a fee).

DISCUSSING FALSE AND MISLEADING INFORMATION WITH OTHERS

You may know someone or a group of people who are spreading false and misleading information within your workplace, communities or online.

It's important to remember that this person or group of people feel that the information they are spreading is true.

Here are some tips on how you can talk to them:

Check if the information is false. You can do this by going to reliable sources mentioned above to check the facts.

Acknowledge their concerns and fears. Don't mock them for having fears or concerns.

Decide if it's best to engage with them directly. It may be best to send them a message or talk to them privately about what they have said. If they have posted on social media and are getting a lot of interest you may want to report to the platform. You have the option to remain anonymous.

Avoid escalating the situation. Try to find areas you can both agree on. If the person you are engaging with gets defensive and you feel that it is no longer constructive, they may become more resistant to factual information.

Share accurate resources. If we share accurate, verified information we will encourage others too.

Continue to listen to their concerns and fears.

Reinforce factual information.

Government subsidies 2021/2022 Funding

The Government has allocated funding to support small and medium sized businesses.

Below are **two** different types of subsidies which you may be able to access when using our services:

1. the Regional Business Advisory Fund,
2. ACC subsidies.

Below we cover the following for each subsidy:

1. What services we have registered under the funding i.e what services are available to you.
2. The criteria for applying
3. The process

We encourage to reach out if you would like anything clarified, we are more than happy to advise you. **martin@managecompany.co.nz**, or 021 322 286.

FROM 1 JULY 2021

RBP network

Business Advisory Fund

Small and medium sized businesses may qualify for funding to help pay for advisory services. **This fund renews every year** and typically a business has up to $5,000 available. The scheme is a co-funded set up meaning that you pay half the cost and the RBP Network pays the other half.

The Business Advisory Funding can provide support in areas such as health & safety, business continuity planning, and claims management.

Funding is only available through the Regional Business Partner Network (RBP) Growth Advisors. For more information read below or, drop Martin an email: martin@managecompany.co.nz, or phone: 021 322 286 or email Michelle Kauri: chellz@managecompany.co.nz

1. What services we provide under the funding scheme:

Business Continuity

A one-on-one Business Continuity planning programme. We support and teach you how to create a plan and how to test it.

By the end you will have a Business Continuity plan that is tailored to your business.

This process typically takes 6 weeks (or quicker depending on your time availability) and we work through 11 steps over the period.

We aim to have weekly touch points where we work through the next section and what information needs to be collated.

For businesses with 1 - 25 staff the cost is $2,990 plus GST. For 26 - 50 staff the cost is $3,990 plus GST.

This programme is delivered via phone, ZOOM, Teams, email, and where applicable in person.

Health & Safety

A health & safety review and implementation programme. We review your existing system, make recommendations, and then support and teach you how to implement and practice it. Where needed we will provide templates, policy wording, etc. Our approach is aligned to the 'lean' principals

By the end you will have a health & safety system that is based on compliance and that you understand how to use it.

This process typically takes 6 weeks (or quicker depending on your time availability) and we work through a set framework with you.

We aim to have weekly touch points where we work through the next section and what information needs to be collated.

Government subsidies 2021/2022 Funding *continued...*

The cost is $4,490 plus GST for businesses up to 50 workers. For larger businesses the price will be on application. Your subsidy will be up to 50% of the marked price.

This programme is delivered via phone, ZOOM, Teams, email, and where applicable in person.

ManageCLAIMS

A workplace claim management and implementation programme under our ManageCLAIMS division. We provide you our system (not IT based), teach you how to use it, implement and practice it. Our system captures ACC's process requirements and we tailor it to suit your business. Our approach allows you to control the claim, control the process including doctors & medical certificates, and control ACC. The result is getting workers back to work quicker (less cost to the business) and lower penalties on your ACC levies via Experience Rating.

You will have ongoing access to our Allied Health Network at no cost.

The implementation process typically takes 6 weeks (or quicker depending on your time availability) and we work through a set framework with you.

We aim to have weekly touch points where we work through the next section and what information needs to be collated.

The cost is $4,990 plus GST regardless how big your business is. Your subsidy will be up to 50% of the marked price.

This programme is delivered via phone, ZOOM, Teams, email, and where applicable in person.

2. Criteria for applying:

Businesses must:

- Businesses must have fewer than 50 full time equivalent employees
- Be GST registered in New Zealand
- Have a New Zealand Business Number

3. How it works:

1. Register - https://app.regionalbusinesspartners.co.nz/Business/SelfRegister

You will need your IRD number, Company Office registration and NZ Business Number (you can find them here **https://companies-register.companiesoffice.govt.nz/).** The application is straight forward enough. Under 'referred by' please put 'Service Provider'.

2. Email & Phone Call

You will receive two automated emails – one to confirm your registration and the other a welcome on board message. You will also receive a phone call over the next 2 working days from a Growth Advisor. The Growth Advisers takes a birds-eye look at your whole business, then help you connect with the right resources and experts so you can build capability and grow. At this point you share with the Growth Advisor that you have been discussing the (insert Health & Safety solution / Business Continuity solution) with your Service Provider which for you is Manage Group.

The Growth Advisor will talk about what you need regarding this.

Please note that due to volume the Regional Business Partners are dealing with, you may get another person doing the first call – a bit like a preliminary call.

We will also provide you with a reference number that you will need to insert into the application. Don't worry, it's all much easier than it sounds.

3. We may get a Phone Call

Once the Growth Advisor has chatted with you they talk to the Service Provider and about the suggested solution. When everything stacks up you will then receive a confirmation email.

4. Confirmation Email

Again you will receive two emails, one a generic confirmation that you have been accepted to receive a 'voucher' for $XX. The second email is very specific and links your voucher to your service provider. Please note you have 48 hours to activate the voucher and the instructions will be listed in the email.

5. We start

Time to get started – the service provider will contact you to get the show on the road.

Flexi-wage helps you employ and upskill staff

Free recruitment services, and financial support to help you pay and support staff while they gain the skills for the job.

Flexi-wage provides a wage contribution and support while a new employee gets the skills they need for their new job.

Flexi-wage supports job seekers who are disadvantaged in the workforce, or at risk of being on a benefit long-term, or both. They don't have to be on a benefit to be eligible.

Flexi-wage could support:

• a new employee who needs to gain job skills

• a current employee who's at risk of being made redundant and could retrain for a different role in the business or a temporary role in another business.

What Flexi-wage support looks like

We'll discuss with you the level of support the candidate needs to gain the skills to do the job. We can help with in-work support (for example, pastoral care such as regular check-ins to see how things are going) or onthe- job training, depending on what's required.

We'll also pay a wage contribution of **$276 including GST a week** for either:

• 24 weeks

• 36 weeks

• a discretionary rate and duration, for a candidate with complex or specific needs.

A business can access Flexi-wage if:

• the candidate meets the eligibility criteria

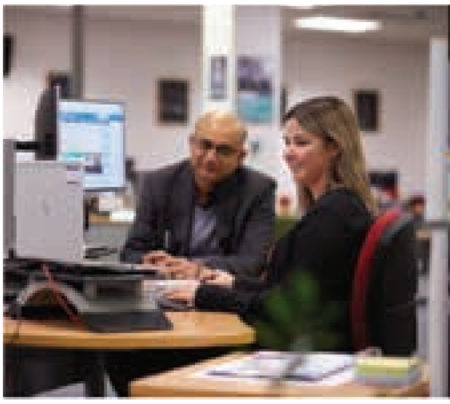
• the business meets the eligibility criteria

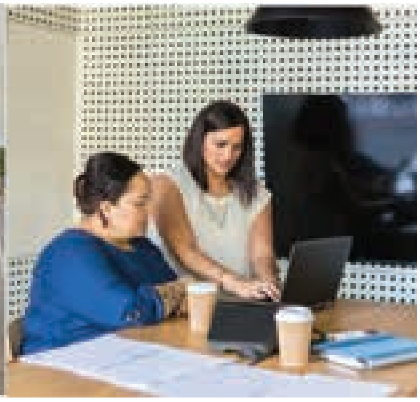
• the position is ongoing and will continue after the subsidy has finished

• you pay at least minimum wage for the role

• you haven't dismissed anyone to make the job available.

Find out more by calling our Employer Services team, **0800 778 008**, or go to **www.workandincome.govt.nz/flexiwage**





ACC & Worksafe Compliance

NZ's only Online Compliance Toolkit

Incorporated in 2011, we are the oldest and arguably the only ACC Brokers in NZ. Not only that, we specialize in the wider Government Compliance Risk space for employers which covers ACC Levies, ACC Claims, and Health & Safety.

We created the first version of this toolkit back in 2015… and yes, we are still the only firm in NZ that is prepared to provide real, workable solutions to managing your workplace claims and health & safety… and for only $249 + gst. Where else can you get a full H&S system for that price let alone a full system for managing your claims? This is a 50% saving on the normal annual subscription but only until 31 July 2021!

Why so cheap? We believe the emphasis should not be on the actual system but rather, on how you use it. We'd rather put our energy into training you how to use it properly versus charging you loads of dollars for a system.

What you get:

• Manage Your Sprains, Strains and other Claims

We give you the full system and guidance to manage your workplace claims. We give you access to our national physio network and we show you how to avoid the medical certificates. There are loads of factsheets, guidance notes, templates, etc that you can use in your business. This toolkit is directly linked to our Musculoskeletal initiative click here.

• Health & Safety

We provide a full health & safety system (tested by Worksafe via investigations covering serious harm and a fatality) and all the necessary documents. We also have a range of SOP (safe operating procedures) as well as other documents.

• Claims (and ACC) Issues

We challenge ACC claims on your behalf because it saves you a lot of money - as highlighted by 4 actual cases below. We do not shy away from holding ACC accountable to do the right thing under legislation and this often means that the actual workplace claim does not sit under your business as a liability under Experience Rating.

• Training / Support / Guidance at heavily discounted rates

You have direct access to us one-on-one or to manage costs, via workshops. If you have an issue, we have a solution.

• ACC Subsidies

When we take claims, levy decisions, or other issues to formal review, we can in most cases get costs awarded and paid by ACC (set out in the legislation). This means that the client typically only pays a small amount making this a great return on investment!

Claims we can challenge…

• Re-Aggravation & Pre-Existing: linking a claim back to a previous claim

• Repetitive Strain: often we can apply the liability to other employers or the general ACC account

• ACC Mistakes: ACC make a lot of mistakes

o ACC not doing Due Diligence

o ACC not notifying the employer of a claim

o ACC not recognising a formal challenge

• Bogus Claim: claim did not actually happen or did not happen at work

• Motor Vehicle: covers any registered vehicle and applies to drivers only

With the exception of Bogus Claims, we do not impact the worker or their entitlement. Rather, we only focus on who should be liable for a claim as per the legislation - the employer or ACC. We prefer the latter.

With Bogus claims, this is actually theft with respect to getting paid the first week by the employer and fraud in that the worker is collecting ACC weekly compensation. We do not believe that is fair and equitable.

INTERTENANCY WALL SYSTEM:

Advertorial: CSR Building Products

CSR Hebel PowerPanelXL / PowerPanel50 Intertenancy Wall System is a lightweight non-loadbearing wall construction system suitable for use in low-rise residential buildings, that provides a fire rating of up to 90/90/90, and an STC rating between 58-65. The system has been independently tested and assessed with a CodeMark certification to meet New Zealand Building Code.

The wall configuration consists of Hebel (non-load bearing) PowerPanelXL / PowerPanel50 panels installed vertically and secured to the structural load-bearing frame. The system utilises an aluminium bracket system which provides the wall with a discontinuous construction for acoustic performance.

CSR Hebel® Intertenancy Wall System comprises of:

- **A central single layer of PowerPanel50 or PowerPanelXL Hebel steel-reinforced Autoclaved Aerated Concrete (AAC) panels, and;**
- **Single stud timber or steel framing walls built on both sides of the AAC panels with a minimum gap of 10mm between the framing and the AAC panel, cavity insulation on both sides, and lined with 10mm minimum thickness plasterboard.**
- **PowerPanelXL is 75mm thick and PowerPanel50 is 50mm thick. The panels have square edges and are manufactured in a range of stock sizes.**

Why Specify Hebel

- **CodeMark (CM20222) ensures the systems offer an easy solution for fire and acoustic compliance**
- **Panels installed vertically and available in various lengths to minimise on-site cutting and wastage**
- **Fast and easy to install with simple system components**
- **The systems do not require the installation of fire-rated plasterboard between floor levels at joists and in the roof space**
- **For projects where 75mm thick Hebel PowerPanelXL is wanted or needed, there is a benefit from high levels of acoustic performance, and the same high fire rating performance of the PowerPanel50 Intertenancy Wall Systems**
- **Achieves an STC rating of between 58-65**
- **Provides FRR of up to 90/90/90**

Specification and inspection of this system is made easy with Hebel's new Intertenancy Design Guide. Visit hebel.co.nz to download a copy or for more information.

0800 443 235 | Hebel.co.nz

CODEMARK CERTIFIED, EASY TO INSTALL, EASY TO SPECIFY

Apprenticeship Boost helps you keep or take on an apprentice

Financial support for employers of existing or new apprentices.

Apprenticeship Boost is **a payment available to employers of apprentices in their first 24 months of training*.**

This includes any previous apprenticeship enrolment, including any other apprenticeships with the same transitional Industry Training Organisation (ITO) or provider.

Apprentices need to be either:

• training for a New Zealand Apprenticeshipor Managed Apprenticeship recognised by the Tertiary Education Commission

• or actively training through a transitional ITO or a provider.

A business can get Apprenticeship Boost if:

• the candidate meets the eligibility criteria

• the business meets the eligibility criteria

• you pay at least minimum or training wage.

Payment rates

You can get Apprenticeship Boost for each eligible apprentice for a maximum of 24 months*, paid monthly in advance.

The payment depends on where your apprentice is up to in their training:

• first year - up to $1,000 a month

• second year - up to $500 a month

If you're GST registered, you'll receive the relevant amount above, plus GST.

Talk to us if you're recruiting or making longer term recruitment decisions. As well as free recruitment services, we have a range of employment programmes to support people into work.

Find out more by calling our Employer Services team, **0800 778 008**, or go to **www.workandincome.govt.nz/employers**

*This payment is available until 4 August 2022.

THE FULL 360º

Multi-line Green Beam Laser

The PM 30 MG is the latest Hilti laser innovation for laying out track. With 360º horizontal & vertical lines and revolutionised fine adjustment, track layout has never been easier.

Contact your local Hilti Account Manager for a demonstration – 0800 444 584 / www.hilti.co.nz

MSD Services to help your business

Kia Ora,

MSD's purpose is to help New Zealanders to be safe, strong and independent. We do this by providing New Zealanders Income support, Housing but most importantly Employment which allows for their socio-economic participation and freedom.

MSD has done some incredible work during and post Covid bolstering businesses displaced by the impacts of Covid as well as supporting the increased talent supply demands for businesses that needed more workers.

With the sure signs of recovery in our economy, the need to grow, expand or start businesses is more pronounced and with that comes need for talent supply. MSD has a wide range of candidates from varied industries and also some very keen entry level candidates to choose from.

We at MSD, offer a dedicated Recruitment Service with a great team of Work Brokers, working closely with our employers in the labour market, to find the right talent for the right job. When we list a job we advertise it on our job search website with your job requirements. We simultaneously search and pre-screen candidates from our industry based talent pools. We will only send suitable candidates CVs' to you for your consideration.

Following the shortlist, we can also assist with setting up of preliminary interviews for shortlisted candidates, assessment centres, provide access to our seminar rooms at various sites to support bulk recruitment drives among other services. We also have the option of organising a dedicated Interview Day at any MSD site convenient to you (or) direct the candidates to your venue of choice, to hold interviews. Or if you prefer interviewing digitally, we also have a great platform to help conduct your interviews online.

When you are ready to hire, we check if the successful candidates also qualify for any MSD Employment product such as Flexi Wage subsidy, Mana in Mahi Apprenticeship support or Apprenticeship Boost, including a 12 month post placement support service called Te Heke Mai. These products can be used towards initial training and establishment costs or towards partially subsidising wages as applicable. I have attached marketing collateral which offers a more detailed view of our product features for your perusal.

In regards to training, should the roles require pre-employment training (or) on the job training, including any mandatory NZQA qualification or other role relevant short-term approved certificates/courses, we can work with you to assess eligibility for the right employment products, courses and tailor a recruitment plan most suited to your organisation's needs and recruitment methods. And all of these services provided at no cost to you.

If you would like to engage our Recruitment services, please fill the Job vacancy details on the attached Vacancy Template and kindly return to me. I will connect you with a Work Broker near you and our team will get started on the talent search and referrals immediately.

Please feel free to reach out, should you have any further queries regarding MSD's Employment Products and Services. We look forward to working with you.

Nga mihi,

Rathi Ramamoorthy

|Assistant Work Services Manager

| Tamaki Makaurau Ki Te Tonga

DDI: 09-9177465 | Mob: 029 2015430

|Email: rathi.ramamoorthy004@msd.govt.nz

Curving GIB® Plasterboard

This bulletin supersedes page 56 of 'GIB® Site Guide, 2018' and provides updated information on the topic of curving GIB®

GIB® plasterboard can be curved. Curvature is dependent on the thickness and whether the board is applied wet or dry.

Additional development work by the GIB® Technical Team has updated the minimum bending radii of various product and framing centres, resulting in the tables below. The radii shown are for GIB® Standard and GIB Ultraline® as well as other performance boards such as GIB Fyreline®, GIB Aqualine®, GIB Braceline® GIB Noiseline®, GIB X-Block® and GIB Weatherline®.

Minimum Bending Radii of GIB® Plasterboard

Board thickness/ type	Minimum radius (wet)*	Minimum radius (dry)
10mm GIB® Plasterboard **	1000mm	1200mm
13mm GIB® Plasterboard ***	1200mm	1500mm

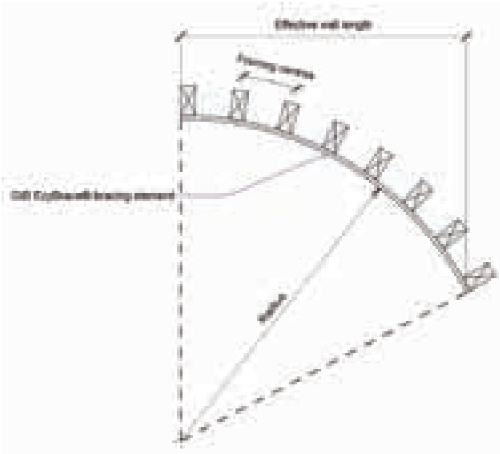
* Not applicable to GIB Weatherline® rigid air barrier and GIB Aqualine®
** Includes 10mm GIB Weatherline® rigid air barrier
*** Includes 13mm GIB Weatherline® rigid air barrier but excludes 13mm GIB Toughline® and GIB Toughline® Aqua

Framing Centres

Wall or Ceiling Radius	Maximum Stud, Batten or Joist Spacing
900mm – 1200mm	200mm
1200mm – 3000mm	300mm
3000mm – 4000mm	400mm
Over 4000mm	600mm (450mm for 10mm GIB® Plasterboard in ceiling applications)

It is not recommended to curve thicker and some high density boards such as 16mm and 19mm GIB Fyreline®, GIB Toughline®, GIB Toughline® Aqua and GIB Barrierline® due to the risk of breakage.

Curved walls can be incorporated into performance systems provided the curving is carried out strictly in accordance with



the application method in this bulletin. The curving must not weaken or crack the gypsum core. The projection of a curved GIB EzyBrace® bracing element should be used as the effective wall length, as illustrated below.

Application Method

— Ensure that framing spacings in the table above are correct.

Note For performance systems, refer to relevant specification sheet for the fastener and nog requirements.

— Sheets must be fixed horizontally to walls.

— If possible, select board length to allow for one unbroken panel to cover the entire curve with enough extra length to extend 300mm beyond each end.

— When curving 'wet', apply water with a paint roller to both sides. Approximately 40 mL/m2 of water and 10 minutes set time are required.

— When creating an outside curve, begin installation at one end and fasten the sheet as it is wrapped around the curve.

— When creating an inside curve, start fastening the sheet at the centre of the curve and work outwards to the end of the sheet.

The development work found that curving GIB® plasterboard requires patience. Rushing the curving process can result in board breakages. Taking your time and allowing the board to take the curve is the best approach. The typical time taken to successfully fit a board to a curve is 30 - 40 minutes.

Note Lining the inside of the curve will be more difficult than lining the outside. This will require additional labour and the GIB® plasterboard must be curved prior to installation.

For more information call the GIB® Helpline on 0800 100 442.

Digital Boost Alliance Aotearoa

Big businesses commit to help small businesses get digital

Big business and organisations have banded together to support businesses and communities across the country to accelerate a Digital Aotearoa with free, subsidised or discounted products, services, support and research.

The Digital Boost Alliance

The Digital Boost Alliance is made up of more than 20 major businesses and organisations. They've committed to help grow the use of digital technologies across New Zealand.

Their commitments range from providing discounted or free products or services, subsidised or free digital training, research to help understand the barriers to digital adoption, through to providing support resources and funding.

The big names that have joined the Digital Boost Alliance so far include: 2 Degrees, Amazon Web Services, ANZ, ASB, BNZ, CERT NZ, Chorus, Datacom, Facebook, Google, HP, Kiwibank, Microsoft, Ministry of Business, Innovation and Employment, MYOB, Rocketspark, Spark, The Mind Lab, The Warehouse Group, Westpac, Xero and Zeald.

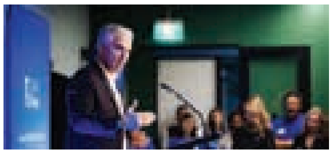
It's the first time so many high-profile organisations have come together to collectively offer their support, products and services to achieve a greater scale and impact for small businesses.

Find out more about what the Digital Boost Alliance can offer your business

The launch

The Digital Boost Alliance was launched at an event in Auckland by Stuart Nash, Minister for Small Business, Economic and Regional Development, and Tourism.

"The continued digitalisation of NZ businesses will help secure the economic recovery in the face of ongoing uncertainty and volatility as COVID-19 evolves around the world. The global pandemic is still our biggest threat but we are well placed to deal with its challenges through initiatives like increased digitalisation," Mr Nash said.



There are a huge range of courses available to get yourself going digital:

https://digitalboost.co.nz/?utm_source=Newsletter&utm_medium=email&utm_campaign=SE_Digital_Boost_27%20May_2021&utm_content=https%3A%2F%2Fdigitalboost.co.nz%2Fambassadorevents#courses

Industry study investigates the origins of, and strategies to deal with, stress in construction

An industry study conducted by Site Safe and Massey University's School of Built Environment has investigated the negative effects of work-related stress on productivity, and physical and emotional health of construction workers in New Zealand.

The paper, which is the first collaboration under the research Memorandum of Understanding between both organisations, highlights several critical factors that create undue stress among construction workers. It identifies potential mitigation approaches to reducing stressors, as suggested by workers participating in the study.

Site Safe Chief Executive, Brett Murray, says that as well as serving as a confirmatory piece, the paper gives insight into the thought patterns and voices of frontline workers who are often unheard in an industry fraught with danger and unsafe practices.

"We operate in a high-risk industry and trying to bring about a culture of change within health and safety isn't going to happen overnight.

"By talking directly to workers who face these dangers every day, we can better understand what needs to be done to create safer construction sites."

Massey University's researchers for the paper, Dr Andries (Hennie) van Heerden and Dr Gregory Chawynski, agree that successful resolution of the issues identified in the paper is dependent on active and willing engagement from those in positions of authority involved in construction. This extends to well-informed clients, their consultants, and other parties that equally share project risks as principal drivers.

> The results of the study clearly reflect the negative influence of stress brought about by an inefficient contracting and supply chain process that creates pressures that are often unable to be resolved by those most impacted.

"As a recommendation, the Construction Sector Accord's guiding principles could be made enforceable through its transformation plan. As it currently stands, this would be difficult because it is a voluntary, collaboration-based initiative promoted by the private and the government."

Research participants indicated that lack of collaboration, poor communication, and unrealistic timeframes and budgets on the job were leading to corner-cutting, and health and safety practices being compromised.

In some cases, these self-initiated stress minimisation strategies were not the result of conscious decision-making. High uncertainty in job processes and unclear responsibilities, particularly when multiple contractors were on-site, often led to shortcomings and unsafe behaviour and conflict.

It isn't just young workers new to the industry either. There appears to be no increasing tolerance to stress over time, with experienced workers of 20-or-more years no more immune to workplace stress than their less experienced counterparts.

A supportive working environment, greater empowerment of employees in decision-making processes on-site, and regular workload allocation reviews were common themes in the responses, cited by many as ways to reduce stress.

Brett Murray concedes that not every suggestion is a workable solution, however the responses and information in the study form a good basis to progress the discussion further.

"The results of the study clearly reflect the negative influence of stress brought about by an inefficient contracting and supply chain process that creates pressures that are often unable to be resolved by those most impacted.

"That issue has been recognised by initiatives such as the Construction Sector Accord and is, in part, why it is so important that the Accord delivers tangible results."

The Accord was raised by some study participants as a platform through which issues surrounding unethical behaviours causing added stress - like being asked to do something unethical on a project - could be addressed.

There is a strong upside to the industry effectively managing stressors in the workplace, according to Brett Murray.

"We believe that looking after our workers and creating a safer industry can improve productivity, profitability and the industry's long-term appeal as a career prospect.

"The industry is already inherently stressful, so we need to do everything we can do ensure we're not adding to that.

"We want to get people home safe to their whanau every day, both physically and mentally and we will look at all avenues to work towards this."

Construction Update

UNEVEN GROWTH AS INFLATIONARY PRESSURES RE-EMERGE

Economic growth is set to remain patchy this year, typified by a possible fall in March quarter GDP following the 1.0% contraction in the final quarter of 2020. The uneven effects of COVID-19 remain apparent, with the tourism sector continuing to grapple with a lack of international visitors, while other industries such as construction enjoy strong demand conditions. Internationally, fiscal stimulus and the roll-out of COVID-19 vaccines are boosting forecasts of economic growth over the next couple of years. At the same time, cost pressures are escalating in parts of the economy, driven by these improving demand conditions in the wake of the pandemic, combined with a range of supply constraints and disruptions. We have detailed these pressures with specific regard to the construction industry on page 2.

Inflation expectations have risen, both here and overseas, and longer-term wholesale interest rates have spiked higher as well. However, at this stage the Reserve Bank is expected to keep the official cash rate at 0.25% until at least late-2022.

This approach reflects the view that some of the current inflationary pressures will be temporary, as well as the Bank's preference to maintain stimulatory monetary conditions given lingering uncertainty caused by the ongoing pandemic.

RESIDENTIAL AND NON-RES CONSTRUCTION HEAD IN DIFFERENT DIRECTIONS

Residential consent numbers in March surpassed their previous record high from 1974, reaching an annual total of 41,028. Growth is prevalent across most of the North Island, but Canterbury and Tasman are currently the only South Island regions where consent numbers are higher than in March 2020. The government announced changes in March to the tax treatment of residential investment property, which are likely to see buyer demand for housing soften as investors reconsider how much they are willing to pay for property. However, the exemption of new builds from these changes could see demand switch to new dwellings. Alongside the market's current strong momentum and the extent of the housing shortage that still needs addressing, this approach has led us to revise up our forecasts of residential construction.

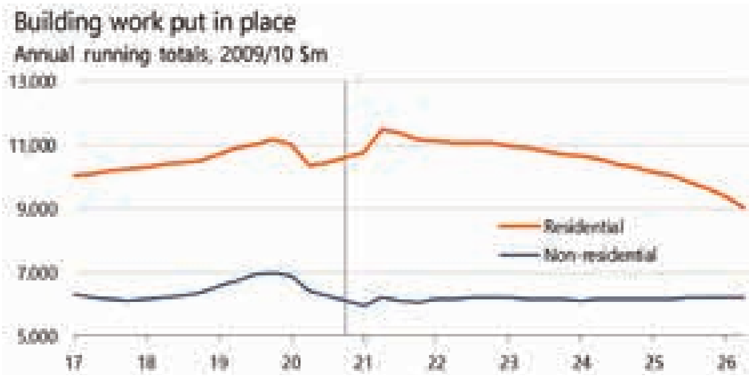
Non-residential building consents have made a strong start to 2021, being up 31% from the first three months of last year. Much of this growth has been underpinned by government money for education and hospital building, but there are also signs of private sector investment in areas such as factory building. Non-residential construction is expected to stabilise during 2021, but the current pipeline of projects suggests that the mix of work will continue to move towards the public sector over the next couple of years.

	Latest	*Dec 2021*	*Dec 2022*
Gross domestic product[1]	-3.0%	3.1%	2.0%
Residential consents[1]	9.1%	1.8%	-8.7%
Non-residential consents[1]	5.3%	8.5%	1.8%
House prices[2]	21.5%	5.2%	1.3%
Unemployment rate[3]	4.7%	5.3%	4.7%
Net migration[4]	17,429	8,724	9,897

(1) Year-end % change (2) Three-month annual % change
(3) Quarterly level, seasonally adjusted (4) Annual total
Data source: Statistics NZ, Infometrics forecasts

WIDESPREAD PRESSURES DRIVING A SPIKE IN CONSTRUCTION COSTS

We are seeing an emerging trend of increasing cost pressures on businesses across the economy, arising from a range of sources. The construction industry is more exposed than most other industries to many of these pressures, meaning that expectations of higher



building cost inflation are mounting.

The most pressing cost issues are being caused by supply chains that continue to be disrupted by COVID-19. Throughout much of last year, componentry and products sourced from overseas were subject to delays, caused by factory shutdowns in China and then across Europe and other parts of the globe. As the pandemic rolled on, these factors were overtaken by the unavailability of containers and ships to come to New Zealand. By late last year, reports were emerging of significant increases in shipping costs, and Infometrics is regularly hearing reports of containers now being charged at three times (and up to five times) their pre-COVID costs. Although some firms had originally looked to hold their domestic pricing, hoping that the surge in freight costs would be short-lived, they are now being forced to pass on the cost increases. It could be potentially another 12-24 months before international shipping patterns return to something like normal.

Imbalances between demand and supply are also driving up prices for some materials. The early stages of the global economic rebound have boosted demand for iron ore in China and are pushing up steel prices. New Zealand is also experiencing a shortage of timber caused by production decisions made a year ago in the early stages of the pandemic, when all expectations were that construction activity would decline sharply in response to the chaos caused by COVID-19.

Other pressures are symptomatic of underlying factors that are likely to be more sustained, particularly around labour market costs. The minimum wage has been increased by 27% since the Labour-led government came to power in 2017, the fastest rate of increase in over 12 years. At the same time, the living wage has risen from $20.20/hour to $22.75/hour, suggesting that the government is likely to continue pushing up the minimum wage to try and close this gap further. Other labour cost increases being faced by businesses include a doubling of employees' sick leave entitlement and the introduction of a new public holiday to celebrate Matariki from next year, with Fair Pay Agreements now on the horizon. Arguably an even more important labour market factor for construction businesses is their inability to source workers from overseas at a time when demand is very strong and capacity is highly stretched. Although the opening of the Trans- Tasman bubble has freed up space in managed isolation, some of which the government has allocated to skilled workers, these numbers will still be relatively limited. The borders are set to remain closed until at least the start of next year, implying that labour shortages will continue to be constraint on construction activity for some time, even with the significant increase in trainee numbers that has occurred due to the government's increased training incentives. In this situation, labour costs and subcontractors' charges typically get pushed upwards. The squeeze is likely to be exacerbated by the falling unemployment rate, which has dropped from 5.2% to 4.7% since September last year, and is a long way below the double-digit rates that were being feared a year ago.

Data from Stats NZ shows input costs for the construction industry in March rising at their fastest quarterly rate in 2½ years. This lift is yet to be fully reflected in output costs, although residential building cost inflation has accelerated from 2.4% to 3.4%pa over the last six months. Infometrics forecasts that this rate could push above 6%pa later in 2021 as the residential subindustry struggles to work its way through the massive amount of work that is currently in the pipeline.

Infrastructure costs will also be subject to similar pressures, particularly if the government's planned projects really get going over the next year. Cost pressures will be less intense in the non-residential subindustry given the drop-off in activity since the end of 2019, but higher costs for materials and componentry are likely to flow through during 2022. Cost pressures arising from disrupted supply chains are likely to ease by 2023. However, with overall construction activity levels remaining high, Infometrics does not expect near-term cost increases to be reversed as supply chains are restored.

Infometrics construction update

BCITO buildingpeople

NZ Certified Business Members

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Angland Ceiling Contractors Ltd	AUCKLAND	(09) 575 7501
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