

Press release – 3 July 2019

## Construction boom calls for “manufacturing” mindset and better customer education

### Second annual Asian Construction Forum suggests way forward for construction sector

- *Construction boom expected to continue until 2023, with worker shortage rising to 50,000*
- *73 per cent of construction industry concerned about lack of skilled labour*
- *40,000 Auckland buildings fail inspection each year due to poor skills or knowledge*
- *New Zealand construction needs to move from “building” to “manufacturing” mindset*

AUCKLAND, New Zealand, 3 July 2019 – Skills shortages, prefabricated construction, boosting the quality of New Zealand’s housing and better buyer education were the key themes under discussion by two panels of experts at the recent Asian Construction Forum. The Forum aimed to generate recommendations to solve many of the core issues in New Zealand’s fifth largest industry and foster better cohesion between the Asian and mainstream construction sectors.

“We’re delighted with the huge level of interest in the Asian Construction Forum, and we hope the event has helped inspire industry members to work for change and explore new partnerships that will benefit the whole sector and all New Zealanders,” said Ian Watt, General Manager of Forum hosts Construction Marketing Services (CMS) and Productspec.

A recent CMS survey of the construction sector revealed 73 per cent of respondents were concerned about a lack of skilled labour. Opening the panel conversation, Minister for Building and Construction, the Hon. Jenny Salesa, underlined the unprecedented nature of New Zealand’s construction boom, which is expected to continue at least until 2023. The Minister acknowledged that building products are not well regulated, and the shortage of 30,000 skilled construction workers is set to rise to 50,000 without swift action.

“We urgently need to change procurement practices in order to train the people we need. Only 10 per cent of industry members right now are training new workers. That’s why we in Government will lead the way on following our Construction Procurement Guidelines on all major projects, ensuring skills and training are taken into account.”

Panellist Greg Durkin, Group Manager Education and Stakeholder Engagement at construction training organisation BCITO, noted that the huge demand for construction workers has coincided with a period when New Zealand has fewer school leavers. A low birth rate between 1994 and 2006 means the pool of graduating students will be smaller than usual until around 2022. This is putting pressure on those already in the industry.

Experts agreed that prefabricated or modular housing is part of the answer. Modular specialist Andrew McKenzie, a board member of PrefabNZ, highlighted a high-rise development in Wellington where the use of 228 prefabricated bathrooms shaved six months off the construction time, significantly reducing costs and almost eliminating defects. He said contracts of scale, such as that

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signed by Housing New Zealand, would help bring down costs even further and make prefabrication a viable local industry.

Quality and buyer education were the other central topics of discussion, especially longer-term planning to improve resale and liveability. Registered Master Builders Chief Executive David Kelly said builders need to be better at speaking up when elements of house designs are likely to create significant issues, agreeing expectations and educating customers on why boosting minimum standards would add value in terms of lower running costs, higher resale and health benefits.

BRANZ senior research analyst Matthew Curtis said 60 per cent of homes will be occupied by people with disabilities during their life, but flexibility is not well planned for and most designers focus simply on what will meet minimum Building Code requirements. He recommended banks introduce incentives for homes that go beyond minimum specifications and adopting a building quality tracker like that used in the UK.

Nearly 600 people attended this year's Forum, hosted by Melissa Chan-Green, which also consisted of an exhibition featuring construction suppliers. Panellists included representatives from Barfoot and Thompson, Jennian Homes, Architectural Designers NZ, Auckland Council, PrefabNZ, BCITO, BRANZ, Registered Master Builders and Riverview Consulting.

Ends.

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#### **What the experts say:**

**Auckland Council - Jeff Fahrensohn, Manager Inspections:** "Around 25 per cent of the 1,000 inspections we conduct at Auckland Council each day fail. That's 40,000 per year, costing around \$7 million in re-inspection fees alone. We see this being purely from a lack of skill or knowledge. Very few cut corners on purpose."

(On prefab) "We're still stuck in the mindset of building a building. We need to think in terms of manufacturing a building."

**BRANZ - Matthew Curtis, Senior Research Analyst:** "While we do deliver very high-quality houses, where we fall over is follow-up communications and service. The UK's building quality tracker lets buyers know what quality they can expect for their budget and you're regularly checking back in with the customer to ensure those standards are being met."

"Communication throughout the process will really impact your ability to get further clients. 11 per cent of respondents to BRANZ's buyer satisfaction survey didn't even have a written contract with their builder."

**Registered Master Builders – David Kelly, Chief Executive:** "We asked consumers whether they would spend money on an extra bedroom or double glazing, and overwhelmingly they said they'd choose the bedroom. But that won't improve their health. It's not just about how a house looks, it's how it feels, and customers may have a house that looks great but it won't be any nicer to live in, which creates disappointment. We need to be having those conversations upfront."

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## **About Construction Marketing Services**

Construction Marketing Services connects leading construction industry suppliers with the architecture, design, specifier and trade communities. It provides a range of online tools to help industry members source materials and specifications. It launched the Asian Construction Forum in 2018.

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