

TOP REGIONAL INSIGHTS

Through March the Hawke's Bay interim Regional Skills Leadership Group continued their focus on the construction sector. The insights below have been collected through regional stakeholder engagement in February and March to better understand the stress on the industry and potential opportunities.

- **Hawke's Bay will be unable to deliver \$2.7 billion of known work over the next 3-years.** Demand is far exceeding the current rate of supply of skilled/semi-skilled labour, and the region needs twice the number of qualified Licensed Building Practitioners (LBPs) currently operating in order to cope with current demand. This gap will be compounded by any new work that is yet to be announced.
- **The forecast demand for project's in Hawke's Bay is up significantly for the next 3-year period, compared to the last 3-year period.** It is up 271% for civil, 466% commercial and 158% residential.
- **The number of apprenticeship learners has increased significantly year-on-year at the region's main Industry Training Organisation's (ITO's).** This is believed to be a result of the fees free effect, and an indication that there is potential to scale up their operating models.
- **Cadetships are a good model that prepare the youth well for entering into the professional industry.** The cadetship programme supports employers to develop, train and grow employees to maximize their employment opportunities.

Regional initiatives currently underway:

- **Te Aratika Academy placed more than 10 of their students into employment with Tumu Timbers as a result the iRSLG/MSD construction workshop held in February 2021.** This connection was formed as both organisations have members on the iRSLG. These organisations are continuing to build on their successful partnership, and reducing some of the region's labour supply gap.
- **The Tākitimu Tuanui initiative is raising the incomes and standards-of-living for Māori in the Kahungunu rohe.** They achieve this through upskilling in building trades; supporting Māori trades business development; and building warm, dry houses for Kahungunu whānau using both traditional and innovative building systems.
- **The Hastings Place Based plan is tackling the housing challenge by building new affordable houses and papakāinga.** It addresses homelessness and conducts repairs on existing Māori-owned homes to make them healthier and more liveable. This work involves collaboration between Hastings District Council, Crown, Taiwhenua, Iwi, and government agencies.

TRENDS AT A GLANCE



52% - the increase in Hawke's Bay's Construction activity contribution to regional GDP.
(Stats NZ, Regional GDP 2015-2019)



40% - The increase in building consents for new Retirement Village units.
(Stats NZ, Building Consents by region, February 2020 – February 2021)



25% - The growth in number of employees in the Construction industry over five years.
(Stats NZ, Business Demography, 2016 – 2020)



16% - The growth in number of businesses in the Construction industry over five years.
(Stats NZ, Business Demography, 2016 – 2020)

TOP CONSTRUCTION OPPORTUNITIES

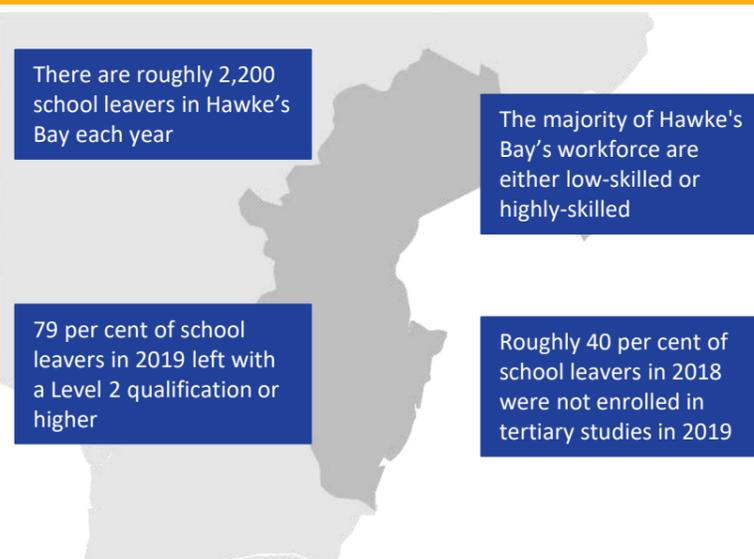
1. **Ministry of Social Development (MSD) are leading work to establish a joint construction working group,** including the iRSLG and Pou 2. It aims to prioritise and implement short and long term activities identified in the Regional Development Strategy 'Matariki'. The Pou 2 work stream focus is on Employment, Skills and Capability.
2. **The iRSLG is collaborating with MSD and Building and Construction Industry Training Organisation (BCITO) to match labour demand and supply.** Working in collaboration to run industry workshops to work through issue identification and opportunities. This will enable MSD and BCITO to better define the scale of future labour supply challenges against the expected pipeline of work.
3. **The iRSLG are actively engaging with the Principals' Association to build connections with employers and students.** The aim is to increase the availability and amount of trades training in schools and expose students to the industry as early as possible.
4. **Continue to work with labour supply connectors such as He Poutama Rangatahi (HPR) and community providers** to provide stronger linkages between industry training and employers. This will improve the coordination between all of these connectors by presenting an opportunity to work with local talent and demonstrate the local pipeline and support packages.

TOP CONSTRUCTION CHALLENGES

Challenges with the current demand forecast the industry are facing:

1. **Hawke's Bay's current workforce is stressed and struggling to deliver projects on time.** Project delays are increasing, and the risk that businesses will subsequently fail is a major concern to owners.
2. **Industry is unable to take on further inexperienced labour without compromising health and safety, and quality.** Onsite supervision is required for all inexperienced labour, and supervisors can only be responsible for a maximum of two to three people at any one time. Currently this supervisor resource is fully utilised across the region.
3. **Shortages of skilled staff such as project managers are causing delays to multiple projects.** The on-going border closure is preventing overseas recruitment of skilled labour. Other regions in New Zealand are experiencing similar construction sector challenges, meaning out of region labour supply is not a viable option.
4. **Shortage of basic materials continues to be a constraint for construction businesses due to shipping delays.** The increase in demand for materials is putting pressure on the supply chains, increasing the time delays for projects.

THE HAWKE'S BAY REGION



Source: All education figures have come from educationcounts.govt.nz and from Ngakete.tec.govt.nz.

OUR FOCUS FOR THE NEXT 2 MONTHS:

- **The Hawke's Bay interim Regional Skills Leadership Group will focus on the Horticulture sector at its April meeting** to understand the current situation, forecasts, constraints and strategic opportunities for attraction, retention and growth into the industry.
- **The regional secretariat will continue to work with MSD, Matariki Pou 2 and BCITO** on the identified construction pipeline opportunities.