



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI



Te Kāwanatanga o Aotearoa
New Zealand Government

State of the Building and Construction Sector

ANNUAL MONITOR 2021-2022 // SUMMARY REPORT



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Foreword

The outlook for the building and construction sector is for activity to remain at elevated levels, but pulled back steadily from the record-highs of recent years. There remains sustained levels of work in the pipeline over the next 12 to 18 months to build through the high levels of consented work. However, a range of challenges will put the sector under strain over future years.^{1 2}

Residential construction intentions have been at near-record levels, with 50,614 new residential dwelling consents issued over the 12 months to July 2022 – just 0.8% shy of the record achieved over the year to May 2022, and still at levels not seen since the 1970s. Recent movements in consenting show signs of a slowdown in further intentions to build at such a high level, but a pull-back in activity is expected as current work consented remains higher than the sector is able to build, and as high costs and falling house prices combine to weaken investment decisions.³

There is a sustained shift in the work undertaken in the residential building and construction sector. Standalone houses, as a share of annual consents, are falling to below 50% in recent months while higher density building types increasingly feature across New Zealand. Over the year to July 2019, standalone houses comprised 61% of annual residential dwelling consents, followed by townhouses (20%), apartments (12%), and retirement units (6%).⁴ By the year ending July 2022, standalone houses comprised 46% of total consents, with townhouses rapidly rising to 41% of annual consents. Over the same period, apartments as a share of the total moderated (to 8%), as did retirement units (to 5%).

Non-residential consent values also remain elevated, up 14% over the 12 months to July 2022. A continued shift in focus remains for non-residential building, with hotel and hostel consent values down more than one-half over the last year as lower investment in further tourism-focused assets continues. Increases in other building types have more than offset this fall in accommodation building. There has been strong growth in building intentions for hospitals (rising 67% per annum), warehouses (rising 46% per annum), and office and transport buildings (rising 29% per annum). The change in investment focus underscores government priorities around social infrastructure, and the private sector's efforts to strengthen local supply chains.

¹ BRANZ and Pacifecon (NZ) Ltd. (August 2022). *The National Construction Pipeline Report 2022*. Ministry of Business, Innovation and Employment (MBIE). Retrieved from <https://www.mbie.govt.nz/dmsdocument/23241-national-construction-pipeline-report-2022> (24 September 2022).

² NZIER (July 2022). NZIER's QSBO shows businesses feeling more downbeat as demand stagnates - Quarterly Survey of Business Opinion, July 2022. NZIER. Retrieved from <https://www.nzier.org.nz/news/nziers-qsbo-shows-businesses-feeling-more-downbeat-as-demand-stagnates-july-2022> (24 September 2022)

³ Fletcher Building. (2022). *Building for tomorrow - Annual Report 2022*. Fletcher Building Limited. Retrieved from <https://fletcherbuilding.com/assets/4-investor-centre/annual-reports/2022-annual-report.pdf> (24 September 2022).

⁴ Figures do not add to 100% due to rounding.

Expectations around sustained higher infrastructure investment remain, with the Government's response to the Te Waihanga/New Zealand Infrastructure Commission's *Rautaki Hanganga o Aotearoa – New Zealand Infrastructure Strategy 2022–2052* earmarking a further \$61.9b investment over the next five years.⁵ Recent infrastructure delivery has been more limited, falling 3.6% in the June quarter after a prior drop of 4.2% in the March 2022 quarter.⁶

The delivery of construction across New Zealand remains under pressure from sustained higher costs. Nominal building work put in place in the June 2022 quarter was up 19% per annum, but once cost increases are stripped out, underlying growth in construction volumes is only 3.4% per annum. Cost increases continue to track ahead of already high forecast expectations, and are broad-based, with prices rising across a wide array of products and services. In the June 2022 quarter, non-residential construction costs grew 3.6%, residential construction costs grew 4.2%, and civil construction costs increased 5.4% from the previous quarter. The rise in civil construction costs is the highest quarterly change on record since 1980, which takes annual civil construction cost growth to 14% per annum. Non-residential construction costs are up 11% per annum, and residential cost growth rose to 17% per annum.⁷

Higher costs, alongside supply chain issues, labour challenges, and cashflow concerns, have increased the pressures in the sector. The New Zealand Institute of Economic Research's July 2022 Quarterly Survey of Business Opinion shows a net 38% of construction firms experienced more overdue debtors in the last three months (to July-2022), the highest figure since 2009.⁸ A net 55% expect further increases in the next three months, surpassing the record high seen during the Global Financial Crisis. Overdue debtors indicate stress in the sector, raising warning flags over the challenges faced by some businesses.

⁵ Robertson, G. (2022). *Infrastructure strategy sets a course for the future*. New Zealand Government. Retrieved from <https://www.beehive.govt.nz/release/infrastructure-strategy-sets-course-future> (24 September 2022)

⁶ Infometrics analysis of seasonally adjusted chain-volume series expressed in 2009/2010 prices Gross Fixed Capital Formation (Other Construction sub-series) data for the June 2022 quarter. See <https://www.stats.govt.nz/information-releases/gross-domestic-product-june-2022-quarter/>

⁷ Infometrics analysis of Capital Good Price Index data for the June 2022 quarter. See <https://www.stats.govt.nz/information-releases/business-price-indexes-june-2022-quarter/>

⁸ Infometrics analysis of QSBO data. NZIER (July 2022). NZIER's QSBO shows businesses feeling more downbeat as demand stagnates - Quarterly Survey of Business Opinion, July 2022. NZIER. Retrieved from <https://www.nzier.org.nz/news/nziers-qsbo-shows-businesses-feeling-more-downbeat-as-demand-stagnates-july-2022> (24 September 2022)

Time delays continue to challenge the sector. Recent analysis of experimental Statistics NZ data shows that current median timeframes between consent issuance to first inspection have increased by between 40 and 105 days depending on the building type compared to the usual historical timeframe.⁹ Delays continue and mount throughout the construction process. The median timeframe for final inspections is currently between 21 and 148 days longer than normal, with timeframe delays particularly pronounced for residential alterations and non-residential buildings.¹⁰

The tight labour market is contributing to the challenges around construction delivery. Filled construction jobs rose 4.8% per annum in July 2022, more than double New Zealand's total job growth of 2.1% per annum.¹¹ Despite remaining stronger than many other industries, construction job growth has slowed substantially in recent months, with July's annual growth the weakest since November 2020. The slower rate of job growth is evidence of the ongoing difficulties sourcing construction workers. Most indicators suggest that slower job growth is due to limited supply rather than cooling demand, with the large backlog of consents comprising a busy pipeline for the construction industry.

In response to the tight labour market, labour costs have risen. The cost of construction labour rose 4.2% per annum in the June 2022 quarter, as overall labour costs grew 3.4%. Construction labour costs are now growing faster than overall labour for the last 18 months. Higher wages have not been able to support workforce growth, with underlying employment stagnating throughout the first half of 2022. However, the same workforce is working longer hours, with total hours worked up 0.8% in the June quarter. Although shortages of materials seem to be easing as some building activity slows, pressure remains on labour supply, although there may be limited support as borders re-open.

Brad Olsen, Principal Economist, Director, Infometrics.

⁹ Internal Infometrics analysis of experimental building indicators data from Stats NZ, sourced from <https://www.stats.govt.nz/experimental/experimental-building-indicators-march-2022-quarter/>. Average figure is an unweighted average of quarterly results since 2006. Latest refers to consents granted in the December 2021 quarter, except for non-building which is for the September 2021 quarter. Standalone houses have risen from 56 to 97 days, attached dwellings from 73 to 122 days, residential alterations from 74 to 134 days, non-residential buildings from 59 to 99 days, and non-building construction from 95 to 200 days.

¹⁰ Internal Infometrics analysis of experimental building indicators data from Stats NZ, sourced from <https://www.stats.govt.nz/experimental/experimental-building-indicators-march-2022-quarter/>. Average figure is an unweighted average of quarterly results since 2006. Latest refers to consents granted in March 2021 quarter for houses and non-residential, December 2020 quarter for attached dwellings and non-building, and September 2020 quarter for residential alterations. Standalone houses have risen from 297 to 318 days, attached dwellings from 371 to 445 days, residential alterations from 409 to 526 days, non-residential buildings from 249 to 397 days, and non-building construction from 386 to 443 days.

¹¹ Stats NZ. (2022). *Employment indicators: July 2022*. Retrieved from <https://www.stats.govt.nz/information-releases/employment-indicators-july-2022/> (24 September 2022)

Executive summary

The key findings of the State of the Building and Construction Sector: Annual Monitor 2021-2022 are as follows:

THE BUILDING AND CONSTRUCTION SECTOR IS RELATIVELY RESILIENT



Almost two-thirds of business owners/managers stated that YE 31 March 2022 was neither a positive nor negative financial year for them (63%), but 20% said the year was positive.



Three-quarters of business owners/managers were confident that they would still be operating in two years' time, with good levels of forward work for at least the next 12 months.



Almost one-third of business owners/managers (30%) indicated they wanted their business to grow.

FUTURE DEMAND COULD BE UNSTABLE

Many end-users who delayed their builds or renovations in the last 12 months plan to start this year. However, one-in-every-two have longer timeframes. End-users who said they were going to start in the next 12 months also have longer timeframes now.



The key 'drivers' influencing both delayers' and planners' plans are the future stability of building costs and the availability of preferred building materials and products.



Another important 'driver' of end-users' plans is when their personal financial position stabilises, but with the current inflationary environment, this could further delay their plans.



END-USERS ARE INCORPORATING ENERGY EFFICIENT FEATURES INTO THEIR NEW BUILDS AND RENOVATIONS



Many end-users are incorporating energy-efficient features into their new homes and major renovations, such as *energy efficient appliances, smart heating systems and solar panels.*



The main 'drivers' behind end-users' decisions relate to having *healthier homes and reducing future (energy) operating costs.*



Business owners'/managers' current capability with respect to the design and build trends that relate to the features end-users are incorporating suggest investment may be required to support further capability-building.

1.0 Introduction

1.1 Purpose, objectives and method

The building and construction sector¹² is a fast-growing industry, both in New Zealand and globally.

Climate change and new developments in construction materials, technology, and design approaches are changing the building landscape and regulatory environment. At the same time, there is an increased demand for new builds. More workers and those equipped with skills to work with these new innovations are required. Currently, it is unclear whether the industry is prepared for these changes.

In addition, the sector is still being impacted by the COVID-19 pandemic, particularly the supply and high cost of materials and products. This continues to place a strain on businesses, not only in a financial sense, but also in terms of mental wellbeing. Complicating matters further is the current economic environment and the effect this is having on end-users' decision-making.

Therefore, the purpose of this research is to **annually** monitor the state of the building and construction sector to inform MBIE's thinking on how to support the sector and help develop industry resilience. It will provide building system leaders with information on the annual state and performance of the sector, as well as provide ongoing monitoring of the level of sector maturity.

The monitor focuses on the experiences and opinions of **three** 'actor' groups:

1. **Business owners/managers** (those who own a business in the building and construction sector or are a senior manager, including those who are self-employed).
2. **Workers** (those who have a job in the sector, but are not a business owner or senior manager or self-employed).
3. **End-users:**
 - a. 'Recent home builders and renovators' - who had commenced or completed a new build or renovation in the last 12 months.
 - b. 'Delayers' - who have delayed a new build or renovation in the last 12 months.
 - c. 'Planners' who are planning to build or renovate in the next 12 months.

The monitor is effectively based on the results of three separate surveys - one for each 'actor' group. Survey questionnaires for each group were developed in consultation with

¹² According to Statistics New Zealand, approximately 86,200 enterprises currently operate in building and construction and about 243,000 people work in the sector (including Business owners/managers. Please refer to the appendices of the Technical Report for the industry categories that comprise the sector.

MBIE and then tested before being mostly administered online. This was largely based on the fact each questionnaire took an average of 20 minutes plus to complete. No interviews were completed by phone.

The content of the questionnaires was tailored to each group, although several questions were common across all three surveys. Some questions were also based on the questions used in MBIE's commissioned research from 2021: *The COVID-19 pandemic and its impact on building system actors*, so that comparisons could be made when appropriate.

For business owners/managers, subject topic areas canvassed included: business performance in the last financial year and comparison with the year prior to COVID-19; challenges of doing business due to factors such as supply issues; and future plans and factors influencing business decisions. Also covered were topics on trust and confidence in sector players, and non-compliance behaviour and practices.

For the workers' survey, similar topics were covered but included questions on interest and capability in new design and building trends. And finally, for the end-users' survey, other questions included were about delays experienced in builds and renovations and changes made as a result and other issues.

Respondents for each of the 'actor' groups were largely recruited with the assistance of a panel provider. Attempts were also made to recruit business owners/managers and workers via other channels (e.g., MBIE's sector contacts), but these proved to be largely unsuccessful.

1.2 This report

Detailed findings are available in the Technical Report for the State of the Building and Construction Sector: Annual Monitor 2021-2022.

This year, the surveys for the monitor were completed online in two waves: April-May 2022 (Wave 1) and May-June 2022 (Wave 2).

A detailed description of the research methodology can be found in the Technical Report for the State of the Building and Construction Sector: Annual Monitor 2021-2022.

2.0 Summary of key findings

Where possible, the results presented in this section are compared with the results from MBIE's 2021 commissioned research: *The COVID-19 pandemic and its impact on building system actors*.

2.1 Survey respondents

The following profiles of each of the 'actor' groups are based on the results of the surveys, based on a combination of the data collected from the two survey waves with n=1,029 business owners/managers¹³; n=784 workers and n=1,001 end-users. A fuller description of each group can be found in the Technical Report.

BUSINESSES: Table 1 is based on the business owners/managers who were surveyed. The achieved sample was weighted by industry category. The table shows that most respondents who were interviewed operated businesses involved in residential building construction (29%), building installation (17%) or building completion services (15%).

Almost two-thirds (61%) of businesses had been operating for 10 years or more, while 7% had been operating for less than 2 years. Most were sole traders (24%) or employed up to 9 workers, including themselves (40%).

¹³ Seventy five percent of these respondents described themselves as either business owners/partners (56%) or self-employed (19%). The other 24% identified themselves as senior managers.

Table 1: Profile of surveyed business owners/managers

	Base =	All business owners/managers 1029 %
Industry category:		
Residential building construction		29
Non-residential building construction		2
Heavy and civil engineering construction		2
Land development and site preparation services		6
Building structural services (e.g., concreting and bricklaying)		5
Building installation services (e.g., plumbing and electrical)		17
Building completion services (e.g., plastering and painting)		15
Other building construction services (e.g., landscaping)		5
Scientific research services		1
Architectural, engineering and technical services		18
Total		100
Years in operation:		
Less than 1 year		3
1 to less than 2 years		4
2 to less than 6 years		18
6 to less than 10 years		13
10 years or more		61
Don't know		0
Total		100
Size:		
1 (Sole trader)		24
2-5		25
6-9		15
10-19		16
20-49		9
50-99		4
100+		5
Don't know		2
Total		100

Data is weighted, base number is the original number of interviews completed.

WORKERS: Table 2 is based on the workers who were surveyed. The achieved sample was weighted by industry category. It shows that most workers were employed in building installation services (19%), residential building construction (16%) or heavy and civil engineering construction (16%).

Most stated they had extensive work experience (42%) or enough work experience to work independently (31%). Consequently, many had worked in the sector for 10 years or more (31%). On the other hand, 7% said they were relatively new to the sector, or had less than 2 years' experience (20%).

Table 2: Profile of surveyed workers

	All workers Base = 784 %
Industry category:	
Residential building construction	16
Non-residential building construction	5
Heavy and civil engineering construction	16
Land development and site preparation services	5
Building structural services (e.g., concreting and bricklaying)	5
Building installation services (e.g., plumbing and electrical)	19
Building completion services (e.g., plastering and painting)	9
Other building construction services (e.g., landscaping)	4
Scientific research services	4
Architectural, engineering and technical services	19
Total	100
Status:	
I am new to the building and construction sector (e.g., an apprentice)	7
I have some work experience, but still work under supervision	15
I have enough work experience to work independently	31
I have extensive work experience, work independently and can coach others	42
Total	100
Years worked in the sector:	
Less than 1 year	10
1 to less than 2 years	10
2 to less than 6 years	29
6 to less than 10 years	19
10 years or more	31
Total	100

Data is weighted, base number is the original number of interviews completed.

END-USERS: Table 3 is based on the end-users who were surveyed. The achieved sample was not weighted because weighting parameters were not available. Most end-users interviewed were existing homeowners (93%) and only 5% were non-owners.

The majority (83%) were over 35 years of age, with about two-thirds of that number saying they were over 50 years of age. Almost three-quarters (74%) identified as New Zealand European/Pākehā, 9% as Māori, and 2% as Pacific peoples.

Table 3: Profile of surveyed end-users

	Base =	All end-users 1,001 %
Homeownership status:		
I own/part-own the place where I live		93
I own/part-own another residential property in New Zealand		16
I am a tenant/boarder where I currently live, paying rent/board		4
I do not own my current place of residence, and I do not pay either rent/board		1
Other		0
Total		**
Age:		
18-34		17
35-49		31
50-64		25
65+		27
Total		100
Gender:		
Male		44
Female		55
Gender diverse		0
Would prefer not to say		0
Total		**
Ethnicity:		
New Zealand European (or Pākehā)		74
Māori		9
Pacific (Samoan, Cook Island Māori, Tongan, Niuean)		2
Chinese		5
Indian		5
Other ethnic group		11
Total		**

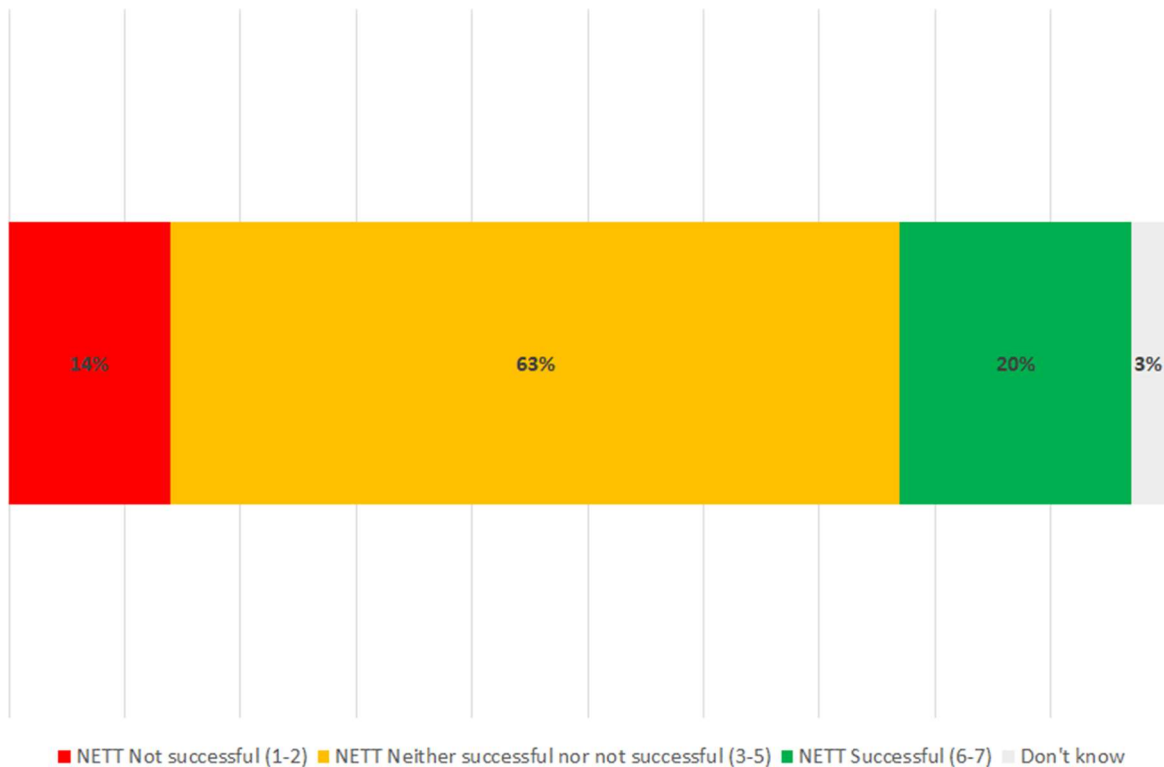
** Multiple response.

2.2 The last 12 months (YE 31 March 2022)

Financial performance in the last year

Most business owners/managers (63%) rated their financial performance for year ending (YE) 31 March 2022 as **neither positive nor negative** (Figure 1). While 20% stated their business had a positive financial year, 14% stated their business had a financially negative year.

Figure 1: Business owners/managers – Opinions about financial performance last 12 months (n=1,029)

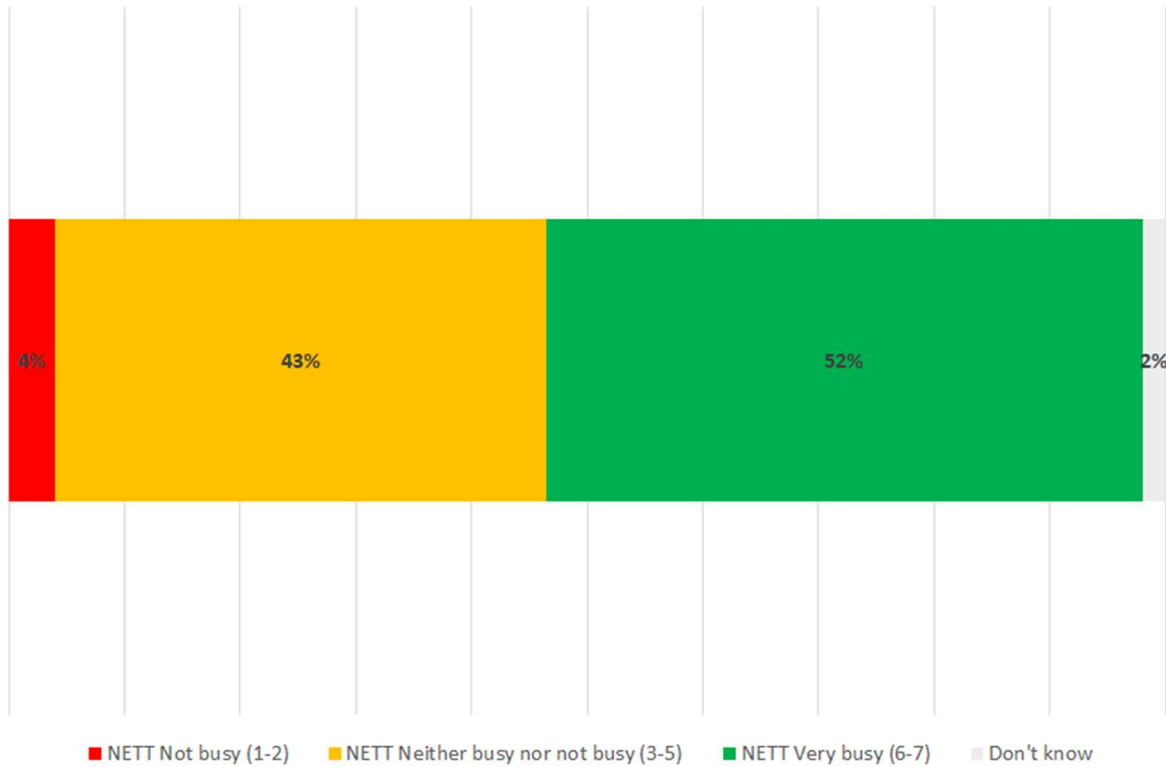


Q10. Overall, to what extent would you say this business had a financially successful year?

Workers' perceptions of how busy their employer was in the last year

Most workers (52%) said their business had a **very busy** year, even if some business owners/managers reported a neutral financial performance (Figure 2). Another 43% indicated they were **neither busy nor not busy** and only 4% said they were **not busy**.

Figure 2: Workers – Opinions about how busy their employer was in last 12 months (n=784)



Q11. Overall, to what extent would you say this business had a busy year?

Financial performance compared with pre-COVID-19

When asked to compare YE 31 March 2022 with YE 31 March 2020 (i.e., the year before the COVID-19 pandemic), business owners/managers and workers **had different opinions**.

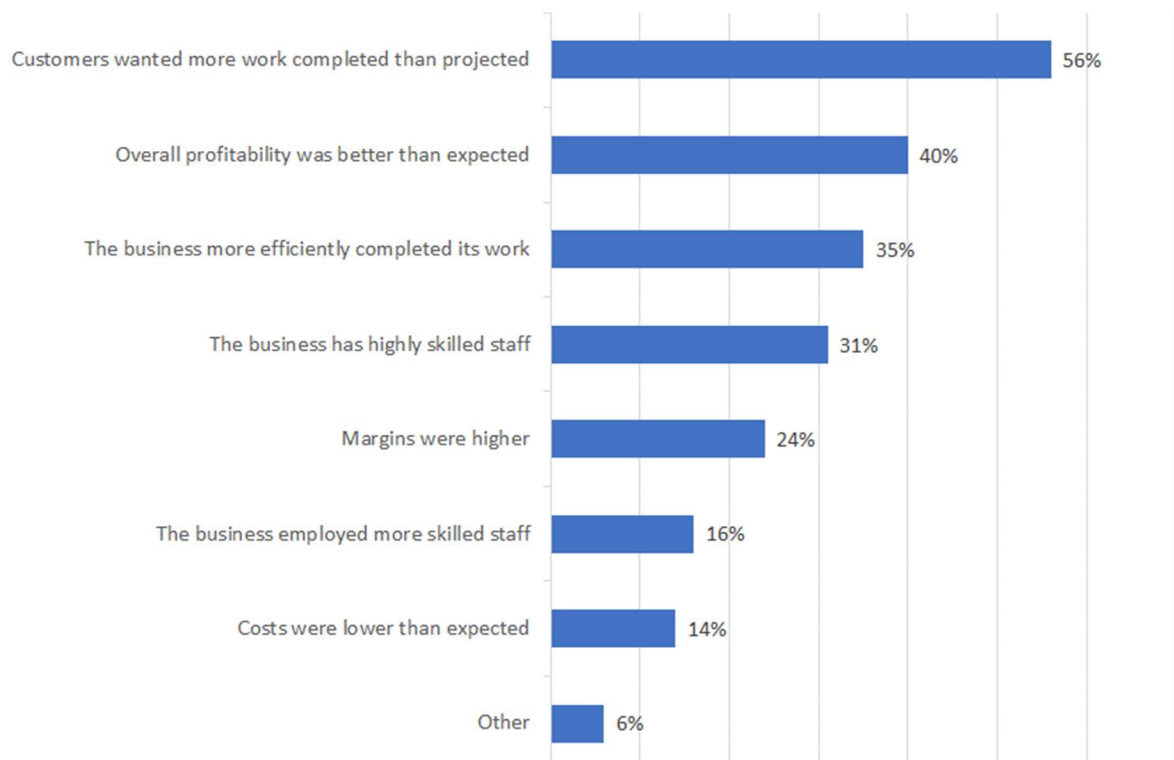
In comparison to YE 31 March 2020, most business owners/managers rated their financial performance in YE 31 March 2022 as either worse (40%) or the same (33%). On the other hand, workers rated YE 31 March 2022 as busier (39%) or the same (38%).

Reasons for having a successful financial year

Business owners/managers who stated their business had a successful financial year most frequently attributed this to their *customers wanting more work completed* than they had originally projected (56%) (Figure 3).

In addition, they attributed their performance to their *profitability being better than expected* (40%), *completing their work more efficiently* (35%) and the fact that they *have skilled staff* (31%).

Figure 3: Business owners/managers – Reasons for positive financial performance (n=212)

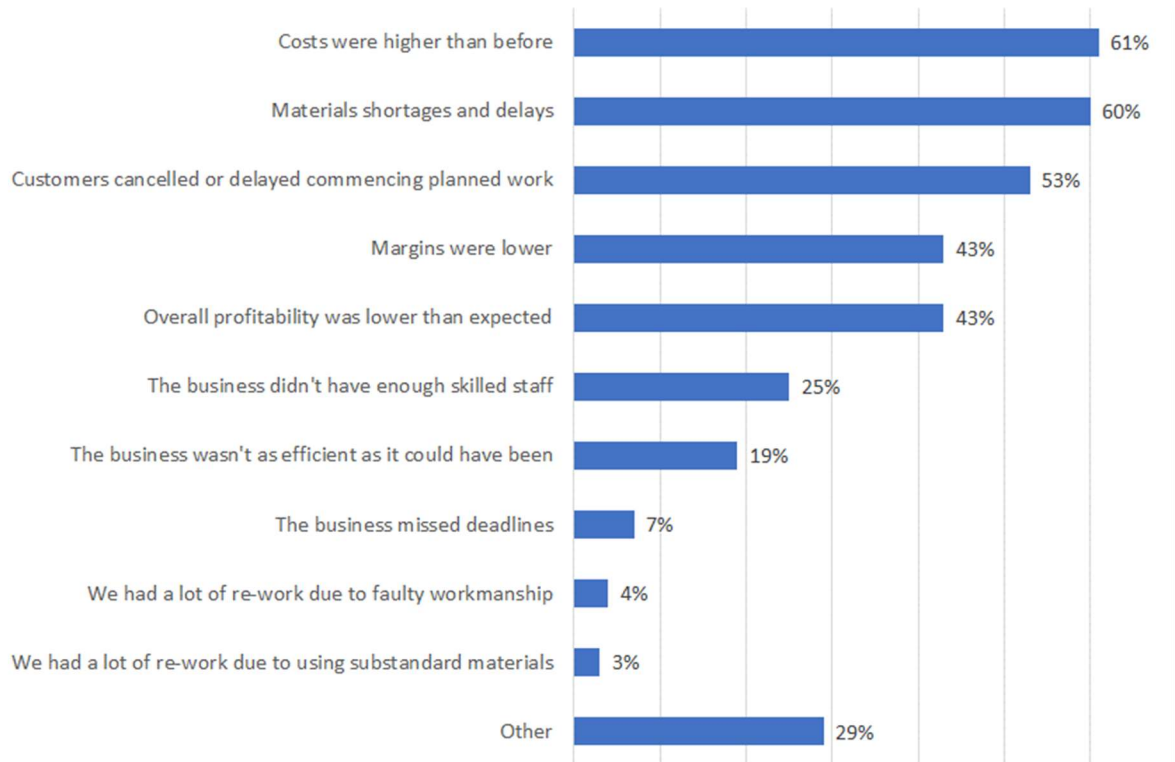


Q13. What are the main reasons for this (having a successful financial year)?

Reasons for **not** having a successful financial year

In comparison, business owners/managers who said their business did not have a successful year attributed this to *increased costs* (61%), *materials shortages and delays* (60%) and *customers cancelling or delaying planned work* (53%) (Figure 4).

Figure 4: Business owners/managers – Reasons for negative financial performance (n=147)



Q13. What are the main reasons for this (having an unsuccessful financial year)?

Businesses' responses to their financial performance

Business owners/managers responded differently to the conditions they found themselves in, depending on their business financial performance.

For example, business owners/managers whose business had a relatively positive financial performance were more likely to invest in *new equipment and technology* (36%), *offer pay rises* (48%), and *hire new staff* (45%) (Table 4).

On the other hand, business owners/managers who stated their business's financial performance had been negative appeared to be more likely to state they had asked their workers to *work part-time* (14%) and *take unpaid leave* (11%), as well as, *made staff redundant* (17%). These results are indicative because of the small sub-sample.

Table 4: Business owners/managers – Response to operating conditions & financial performance

Q13. As a result of its financial performance this year, which of the following - if any- did the business do?

	Business owners/managers			
	Base =	All	Positive financial performance	Negative financial performance
		1029	212 [^]	147 [*]
		%	%	%
Invested in new equipment/technology		30	36	13
Invested in a new/another business		5	7	1
Refinanced the business		6	2	14
Took on new partners/shareholders		4	6	1
	Base ^{^^} =	835	191	103
Offered pay rise to some staff		36	48	17
Hired new staff		30	45	13
Asked staff to take accrued holiday leave		16	14	18
Asked staff to work part-time		10	8	14
Made some staff redundant		9	4	17
Asked staff to take unpaid leave		6	6	11
Applied a pay cut to some staff		5	4	3
None of the above		29	25	43
Don't know		2	1	0
Would rather not say		2	0	2
Total		**	**	**

Total may exceed 100% because of multiple responses.

[^] Sub-sample based on those business owners/managers who considered their financial performance was relatively positive (rated 6-7 on the 7-point scale at Q10).

^{*} Sub-sample based on those business owners/managers who considered their financial performance was relatively negative (rated 1-2 on the 7-point scale at Q10).

^{^^} Employers only.

Data is weighted, base number is the original number of interviews completed.

Table 5 shows, where possible, current results compared with the previous year's results from MBIE's 2021 commissioned research: *The COVID-19 pandemic and its impact on building system actors*. This shows that 23% of employers this year asked staff to take accrued leave. This is double the percentage (10%) reported in 2021. A greater percentage this year also stated they had made staff redundant (13% compared with 9% in 2021).

Table 5: Business owners/managers – Response to operating conditions & financial performance

Q13. As a result of its financial performance this year, which of the following - if any- did the business do?

	All business owners/managers 2022	All business owners/managers 2021
Base =	558 ^{^^}	1118
	%	%
Offered pay rise to some staff	53	NM
Hired new staff	45	NM
Asked staff to take accrued holiday leave	23	10
Asked staff to work part-time*	14	10
Made some staff redundant	13	9
Asked staff to take unpaid leave	9	7
Applied a pay cut to some staff	7	8
Total	**	**

Total may exceed 100% because of multiple responses.

^{^^}Employers only.

NM=not measured

*In 2021 this was measured in terms of staff being asked to work reduced hours.

Data is weighted, base number is the original number of interviews completed.

2.3 COVID-19 impacts and readiness for further disruption

Impacts of COVID-19 on Businesses and Workers

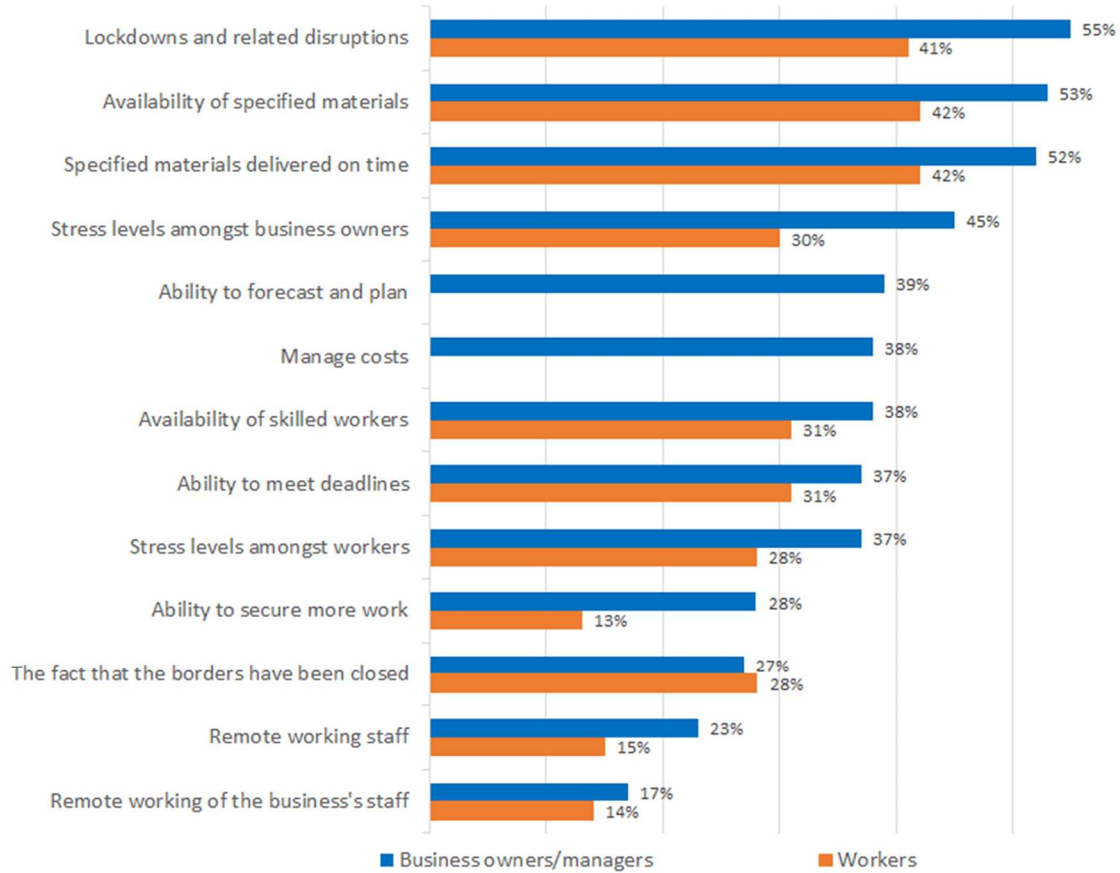
The COVID-19 pandemic has clearly impacted businesses involved in the building and construction sector. Business owners/managers and workers were equally impacted by the *disruptions caused by lockdowns, the unavailability of specified materials and delays in the delivery of materials* – all COVID-19-related challenges (Figure 5 overleaf).

Note that business owners/managers reported these and other impacts to a significantly greater extent compared with workers. Furthermore, business owners/managers whose business had a negative financial performance were more likely to report these impacts compared with those whose business's performance had been relatively positive. For example, 74% of these business owners/managers stated that the disruptions caused by lockdowns had an impact on their business compared with 44% who said they had a relatively positive financial year. These percentages reflect the proportion of business owners/managers rating the disruptions with a 6 or 7 on the 7-point scale used to measure impact (i.e., very impactful).

Overall, when compared with the percentage of business owners/managers who in 2021 stated they were not able to meet their deadlines (as reported in *The COVID-19 pandemic and its impact on building system actors* research) fewer business owners/managers this year said their inability to meet their deadlines was an impact (37% this year compared with 42% last year).

However, their ability to secure new work has deteriorated, with 28% reporting this as an impact this year compared with 23% in 2021. Business owners'/managers' ability to forecast and plan is more or less unchanged (39% this year compared with 37% in 2021).

Figure 5: Business owners/managers and workers – Impact of the COVID-19 pandemic (business owners/manager: n=1,029; workers: n=784)



Q15/15a. Still thinking about the COVID-19 pandemic. How, and by how much would you say this business has been impacted by the pandemic in the last 12 months, in terms of each of the following? [Business owners]
 Q14. And still thinking about the COVID-19 pandemic. In terms of the last 12 months, how and by how much would you say the business you currently work for has been impacted by the pandemic? [Workers]

Impacts of COVID-19 on End-users

As a result of business owners/managers and workers being impacted by the COVID-19 pandemic, the downstream effect of this is that **end-users were also impacted**.

Over one-half (50%) of end-users who commenced or completed their new builds and renovations in the last 12 months stated they had experienced delays, with 35% specifically mentioning the disruptions resulting from the COVID-19 pandemic as the reason.

Similarly, 31% of end-users who had completely delayed their building or renovation plans in the last 12 months specifically mentioned delaying because of the disruptions caused by the COVID-19 pandemic.

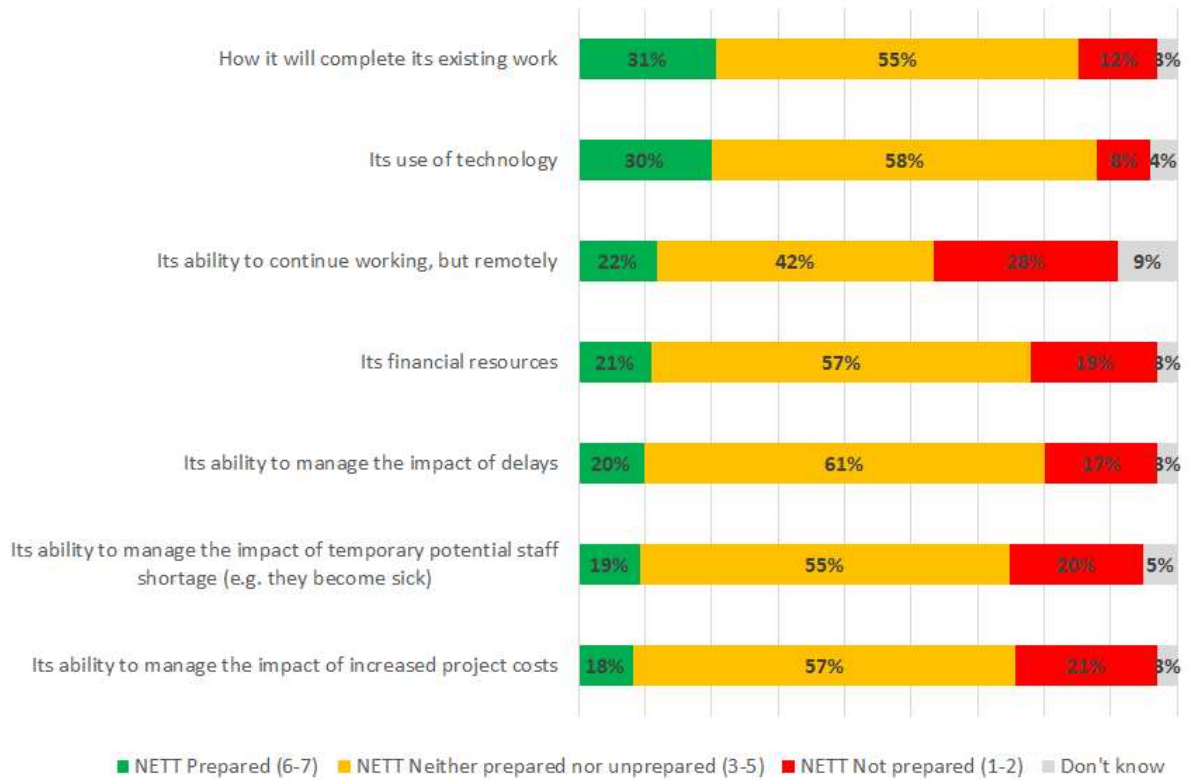
In addition to these delays, end-users also made changes to their builds and renovations, typically substituting products and materials or leaving out parts to be completed at a later stage. For example, 43% of recent home builders and renovators stated they made changes in order to manage escalating costs, and 33% said these changes involved using lower priced materials and fittings.

Preparedness for further disruptions

Business owners/managers differed in terms of the extent to which they stated they were prepared **for further COVID-19 like disruptions**, with most stating they were neither prepared nor not prepared.

For example, only 21% stated they were 'very prepared' in terms of their financial resources compared with 19% who said they were not prepared and 57% who gave a neutral response (Figure 6 overleaf).

Figure 6: Business owners/managers – Preparedness for further disruptions (n=1,029)



Q19. If there was further disruption of the type we have been experiencing in the last two years because of the COVID-19 pandemic, how prepared would you say this business is in terms of each of the following?

Workers, on the other hand, were relatively more positive about their preparedness for further COVID-19-like disruptions compared with business owners/managers.

For example, compared with business owners/managers, a higher percentage of workers stated they were ‘very prepared’ financially (29%), and prepared in terms of *managing the impact of delays on their work* (31%), their *ability to work remotely* (41%) and their *ability to complete their work* (41%).

2.4 Compliance, consumer protection and contracting

Compliance – Business owners’/managers’ behaviours

It is acknowledged that some businesses have engaged in behaviours and practices over the last 2 years that they might **not** normally have done, to continue operating and meet their obligations to customers. We have examined these behaviours and practices and have calculated an overall **non-compliance rate of 79%** for business owners/managers.¹⁴

The *stockpiling of products* (52%) and *not ensuring that their staff followed appropriate COVID-19 health and safety protocols* (51%) were the two behaviours most frequently mentioned by business owners/managers (Figure 7 overleaf). Over one-third (37%) also stated they had ‘poached’ skilled staff from other businesses.

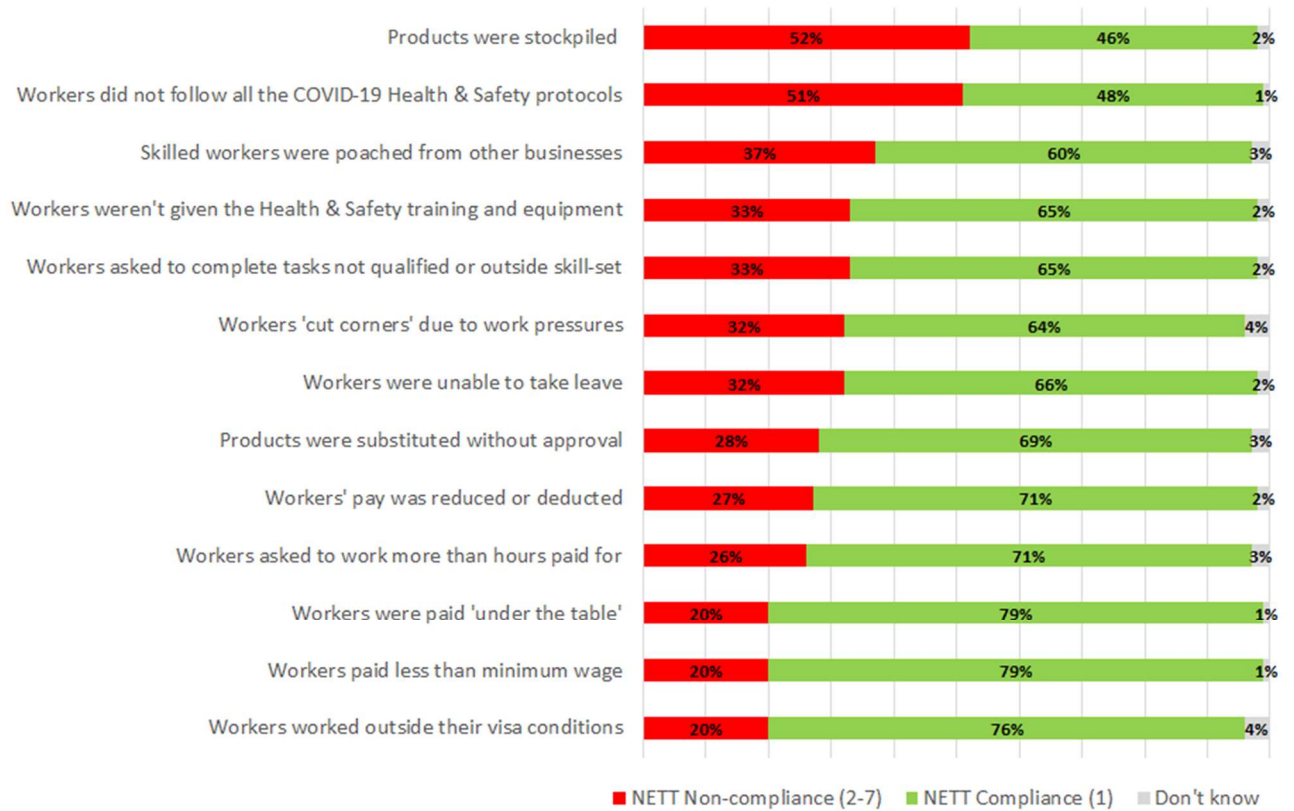
Also, important to note is the fact that business owners/managers also engaged in behaviours which involved *unauthorised product substitution* (28%) and compromised workers in other ways, such as *not providing them with adequate health and safety training and equipment* (33%), asking them to *complete tasks outside of their skill-set* (33%), and asking them to ‘*cut corners*’ (32%).

Comparing the situation in 2021 (as reported in *The COVID-19 pandemic and its impact on building system actors* research) points to the fact that some behaviours and practices were engaged in more frequently this year. For example, over twice the percentage of business owners/managers (52%) this year reported stockpiling products compared with 22% in 2021. Also, 51% reported not following COVID-19 protocols this year, compared with 14% in 2021.¹⁵

¹⁴ The non-compliance rate was calculated by considering the response across 13 behaviours and practices, on the 7-point rating scale. If a business owner/manager rated 2-7 on the scale for **any** behaviour or practice (indicating some degree of non-compliance), they were recorded as such. The compliance rate is an average based on the extent to which non-compliance was recorded across the 13 behaviours and practices.

¹⁵ To an extent, the differences in the results may be a function of the fact that this question was asked in 2021 compared with 2022.

Figure 7: Business owners/managers – Compliance behaviour and practices (n=1,029)



Q16. The building and construction sector has/is experiencing some challenging times. This is for a number of reasons, including the COVID-19 pandemic. This, in turn, has resulted in some work practices that would not normally be done. Based on your experience, how often – if at all – did the business do each of the following in the last 12 months. Remember this is a confidential survey.

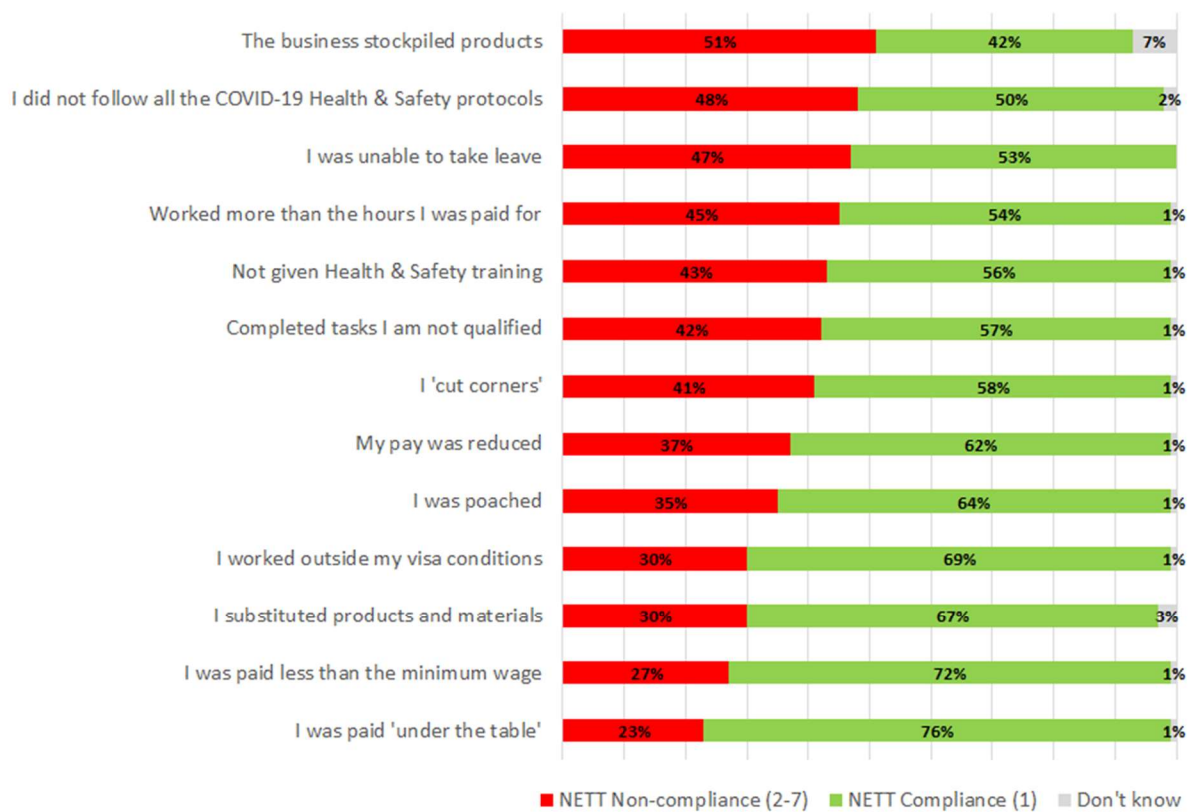
Compliance – Workers’ behaviours

In comparison, the non-compliance rate based on the experiences and observations of workers is **slightly higher at 82%**.

Workers confirmed the behaviour of business owners/managers in terms of the *stockpiling of products* (51%) and *not following COVID-19 health and safety protocols* (48%) (Figure 8). The ‘poaching’ of skilled staff was also confirmed by 35% of workers.

Comparing the extent to which these behaviours and practices have occurred this year with 2021 (as reported in *The COVID-19 pandemic and its impact on building system actors research*), workers also reported a greater degree of non-compliance. For example, over three times the percentage of workers (51%) this year reported not following COVID-19 health and safety protocols, compared with 18% last year.¹⁶

Figure 8: Workers – Compliance behaviour and practices (n=784)



Q15. The building and construction sector has/is experiencing some challenging times. This is for a number of reasons, including the COVID-19 pandemic. This, in turn, has resulted in some work practices that would not normally be done. Based on your experience in the last 12 months, how often – if at all – did each of these happen to you? Remember this is a confidential survey.

¹⁶ To an extent, the differences in the results may be a function of the fact that this question was asked in 2021 compared with 2022.

In general, end-users were not particularly aware of these non-complying behaviours and practices. Six percent stated they were offered special 'cash' rates for their build or renovation and 3% admitted that they had asked their builder for a cash rate.

End-users' familiarity with legal protection

When end-users were asked about the legal protection available to consumers, **just 15%** claimed to be 'very familiar' with the protection available to consumers. In comparison, over twice the percentage said they were 'not at all familiar' (34%).

Nevertheless, despite the lack of familiarity with the legal protection, 44% stated they were satisfied with the legal protection for consumers and very few stated they were dissatisfied (6%), although 26% 'did not know'.

Less than one-half (45%) of the recent home builders and renovators who had commenced or completed a new build or renovation in the last 12 months stated they had a written contract.

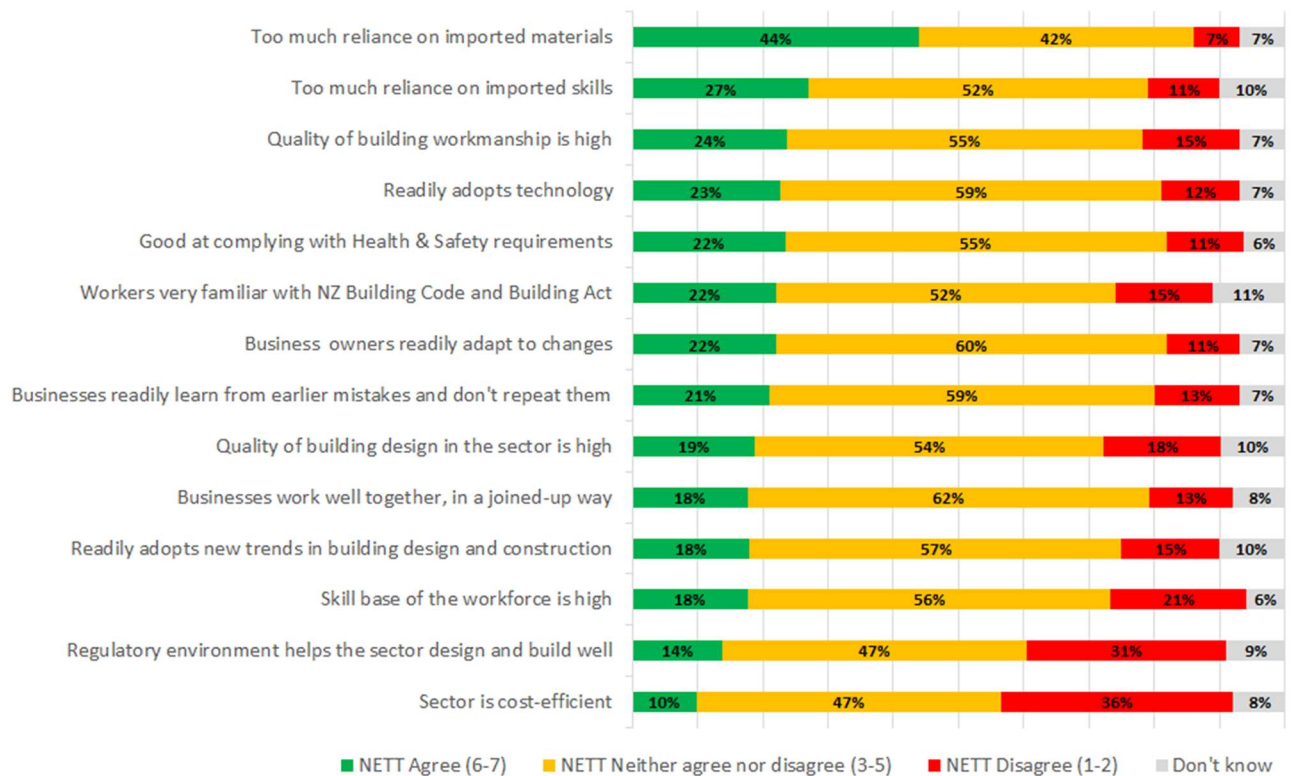
2.5 Building quality and efficiency, and trust and confidence in the sector

Business owners'/managers' opinions about the sector

In general, business owners/managers and workers expressed relatively **neutral opinions** about the building and construction sector, neither strongly agreeing nor disagreeing about several statements describing the sector – including compliance, workmanship (skills), quality, propensity to adopt technology and new trends, and learning from past mistakes. However, there are several exceptions to these opinions. For example, in the case of business owners/managers (Figure 9):

1. 44% agreed the sector was *too reliant on imported materials* (7% disagreed).
2. 27% agreed there is *too much reliance in the building and construction sector on imported skills* (11% disagreed).
3. 36% **disagreed** that *the sector is cost-efficient* (10% agreed).
4. 31% **disagreed** that *the regulatory environment helps the sector design and build well* (14% agreed).

Figure 9: Business owners/managers – Opinions about the building and construction sector (n=1,029)



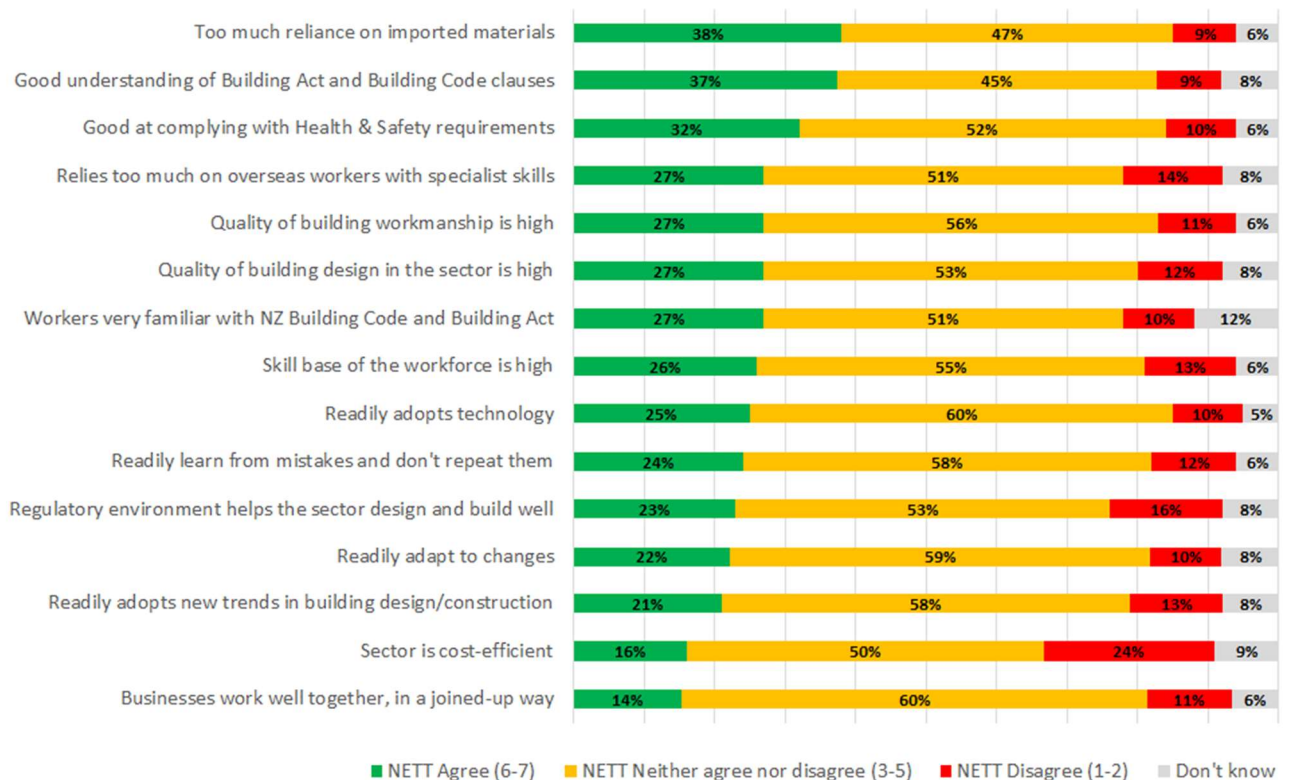
Q17/18. Based on your experience, how much do you agree or disagree with each of the following?

Workers' opinions about the sector

Workers shared similar views with business owners/managers (Figure 10):

1. 38% agreed the sector was *too reliant on imported materials* (9% disagreed).
2. 37% agreed that they *have a good understanding of the NZ Building Act and Building Code clauses that are relevant to them* (9% disagreed).
3. 32% agreed that the sector is *good at complying with health and safety requirements* (10% disagreed).
4. 24% **disagreed** that *the sector is cost-efficient* (16% agreed).

Figure 10: Workers – Opinions about the building and construction sector (n=784)



Q17/18. Based on your experience, how much do you agree or disagree with each of the following?

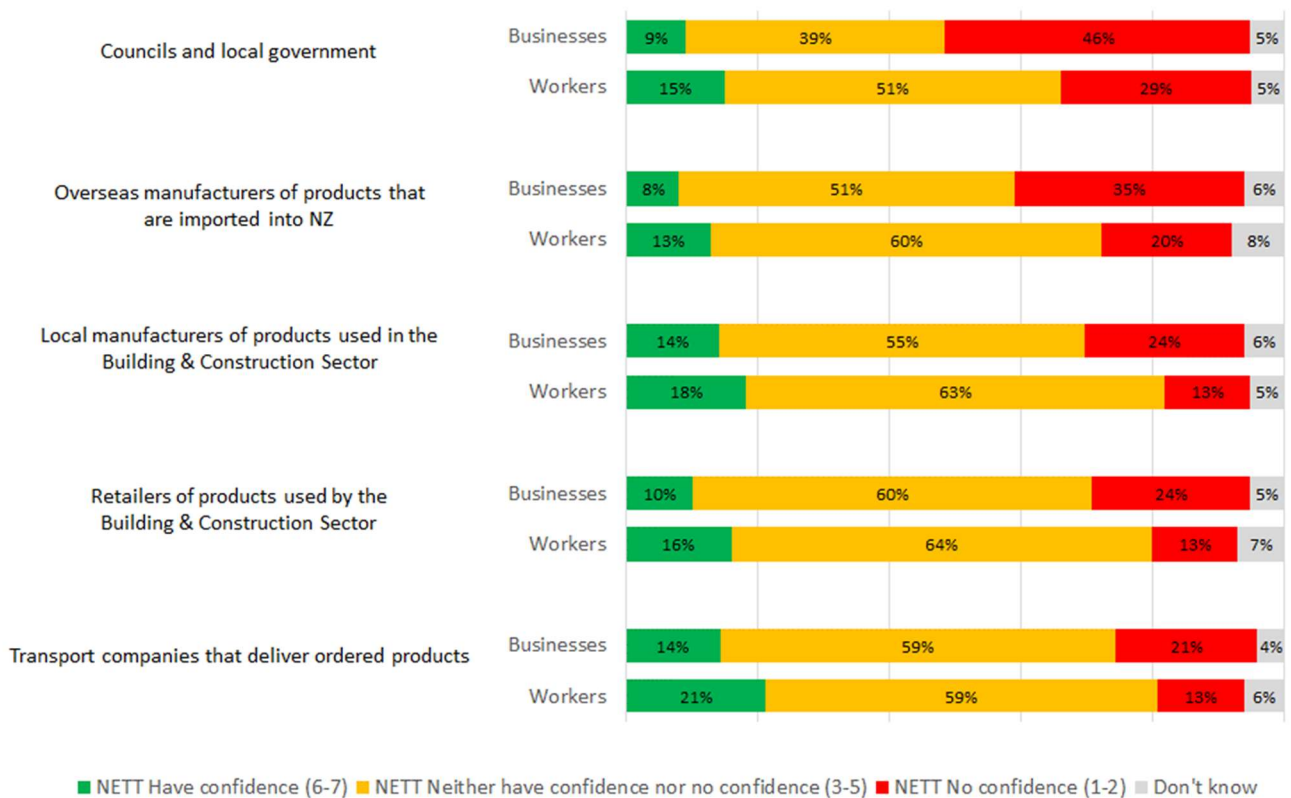
Trust and confidence in sector players

Business owners/managers and workers also stated they had relatively **low trust and confidence** in the 'players' in the sector.

Councils and local government, and overseas manufacturers, were given the lowest levels of confidence by business owners/managers (Figure 11). For example, around five times as many business owners/managers (46%) stated they did not have any confidence in councils and local government, compared with 9% who said they did.

Although fewer workers than business owners/managers stated they did not have any confidence in *councils and local government* (29%), this was still twice as many as those who have trust and confidence (15%).

Figure 11: Business owners/managers & workers – Trust and confidence (Business owners/manager: n=1,029; Workers: n=784)



Q21. Still based on your experience, to what extent do you have confidence in each of the following? By confidence we mean in terms of the impact they have on your ability to meet project deadlines, within budget and to the expected level of quality? [Business Owners]

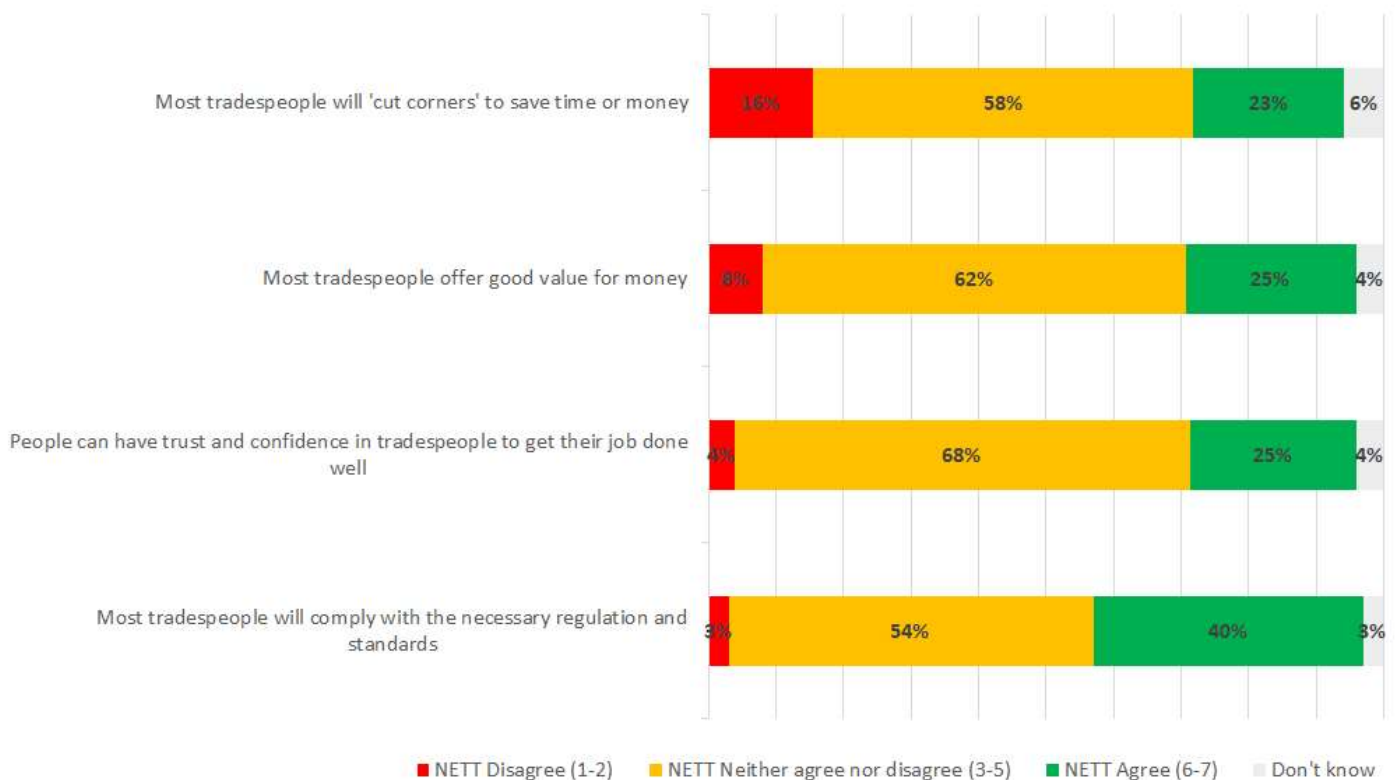
Q19. Still based on your experience, to what extent do you have confidence in each of the following? By confidence we mean in terms of the impact they have on your ability to meet project deadlines, within budget and to the expected level of quality? [Workers]

End-users also expressed a relatively **low level of confidence** in *councils and local government*, reflecting the results for both business owners/managers and workers. Around 21% of recent home builders and renovators stated they had confidence in *councils and local government*, compared with 9% of business owners/managers and 15% of workers.

End-users were also specifically asked about their trust and confidence in *tradespeople*, in the context of getting the job done, value for money, compliance and their propensity to 'cut corners'. They also expressed a similarly low levels of trust and confidence in *tradespeople*.

Twenty-five percent of end-users indicated they have trust and confidence in *tradespeople to get the job done*. This was also the case in terms of *tradespeople offering good value for money* (23%). However, in comparison, a higher percentage believed *tradespeople comply with the necessary regulations and standards* (40%). Figure 12 shows the results for recent home builders and renovators.

Figure 12: End-users' Recent Home Builders & Renovators – Trust and confidence in tradespeople (n=499)



Q34/55/73. About how much do you agree or disagree with each of the following?

The level of end-users' trust and confidence in *tradespeople* appear to be largely unchanged when compared to the situation in 2021 (as reported in *The COVID-19 pandemic and its impact on building system actors* research). Last year, also around 25% of end-users agreed that people can have trust and confidence in *tradespeople to get the job done* and 19% agreed that *tradespeople offer good value for money*.

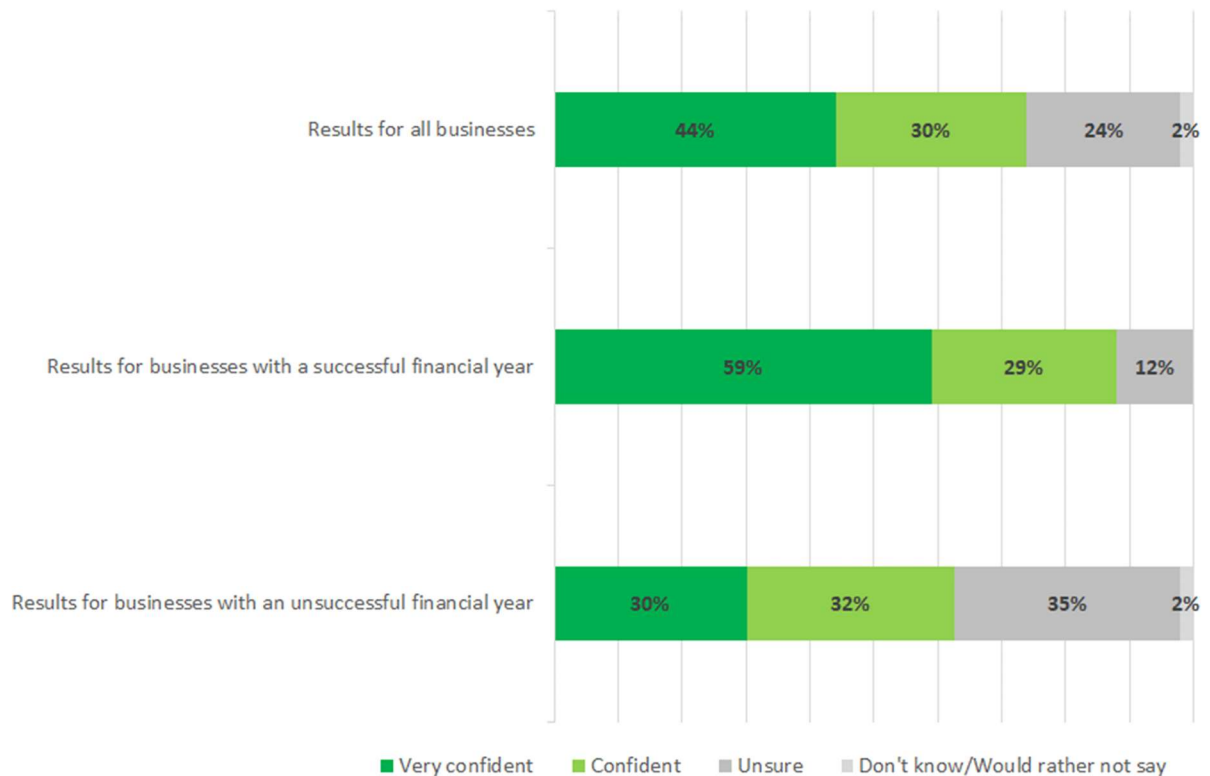
2.6 Expectations and future plans, business pipeline

Future expectations of business owners/managers

With their business's financial performance for YE 31 March 2022 in mind, three-quarters of business owners/managers were **confident** that they would still be operating in 12-months' time (Figure 13). However, one-in-every-four (24%) were unsure.

As expected, business owners/managers who stated their business had a relatively positive financial performance for YE 31 March 2022 expressed a higher level of confidence (88%) in the next 12 months, compared with those who said their business had a relatively negative performance (62%).

Figure 13: Business owners/managers – Business confidence next 12 months (n=1,029)



Q22. How confident are you that this business will be operating in 12 months' time?
 Q10. Overall, to what extent would you say this business had a financially successful year?

Similar results were recorded in terms of a 24-month timeframe. Sixty-nine percent of business owners/managers were **confident** that their business would still be operating in 24-months' time compared with 26% who were unsure.

Expectations about forward work

In terms of forward work, almost half of business owners/managers (42%) stated they had 6 months' **forward work**, while a similar percentage (40%) said they had more than this. Around 11% stated they had **no** forward work.

With respect to forward work, it is important to note end-users' future intentions. Planners were expecting to commence their new builds or renovations in the next 12 months, but delayers were more circumspect. While over one-half of delayers (56%) stated they planned to commence their new builds and renovations within the next 12 months, 20% had **longer timeframes** and 23% said they **did not know**.

Reflecting this, when delayers were asked what their timeframes were most dependent on, they stated they had to do with their *personal financial situation* (47%), *building costs stabilising* (34%) and when their *preferred materials/products become available* (33%).

Future business plans

Against this background, most business owners/managers (54%) stated they intended their business to **stay about the same size as it is now** for the next 12 months, while 30% said they planned for it to grow. The remainder stated they planned to become smaller (9%) or close down (3%).

When asked what these future business plans were based on, business owners/managers who were planning to grow their business or keep it at the same size most frequently identified the *economic situation* (75%), *consumer demand* (60%), *the government's strategy for the sector* (53%) and the *availability of specified materials* (51%) as the most influential factors. Also frequently mentioned was business owners'/managers' stress levels (45%).

For business owners/managers who wanted their business to grow, additional **workforce-related factors** identified were those relating to their *ability to get more staff* (57%), the *availability of staff in general* (53%) and the *skill level of the workforce* (55%).

Areas in which businesses need help and advice

Overall, reducing costs (32%) and correctly pricing jobs (27%) were the two areas that all business owners/managers (except for those wanting to close) most frequently identified as the areas they wanted assistance in (

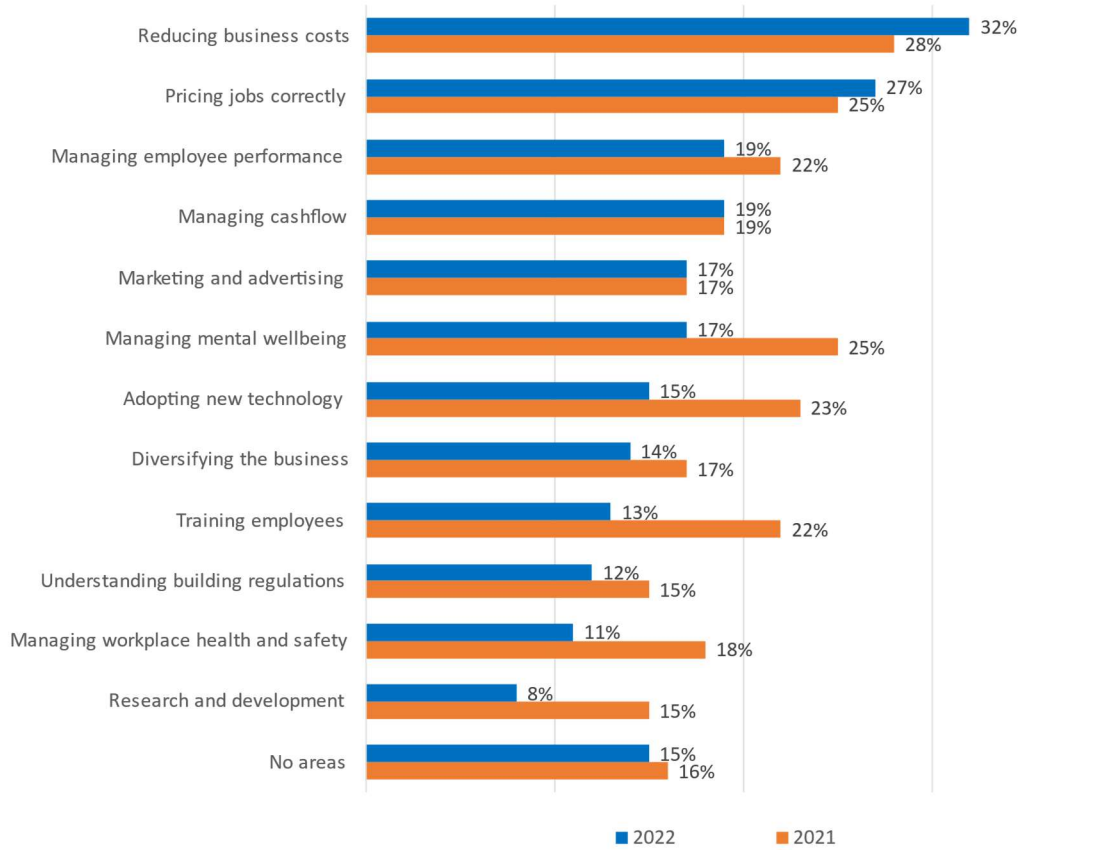
Figure 14 overleaf).

There were also other areas identified depending on their plans. For example, business owners/managers wanting their business to grow also frequently identified *managing staff performance* (28%) and *marketing and advertising* (26%). On the other hand, business owners/managers wanting their business to downsize most frequently identified *managing cash flow* (27%) and *managing mental wellbeing* (23%).

Business owners/managers intending to stay much the same size were the most likely to state there were no areas in which they wanted help and advice (20% compared with 8% of those wanting their business to grow).

Overall, this year, the same areas were identified by business owners/managers as the areas they most wanted help and advice in 2021 (as reported in *The COVID-19 pandemic and its impact on building system actors* research).

Figure 14: Business owners/managers – Areas of help and advice required – 2022 compared with 2021 (business owners/manager 2022: n=1,029; business owners/managers 2021: n=1,118)



Q28. What are the Top 3 areas of the business in which you would like the most help or advice?

2.7 Changes in staff numbers, future requirements, plans and barriers

Changes in staff numbers in the last year

Given business owners'/managers' workforce issues, most reported having the **same numbers of staff** as they did 12 months ago, across all four experience levels (i.e., entry-level, intermediate, experienced and advanced/expert¹⁷) (Table 6).

However, business owners/managers who wanted their business to grow in the next 12 months (30% of all businesses), were the ones who reported increased staff numbers at all four levels compared with those who wanted their business to stay about the same size. That is, they had already been recruiting.

Table 6: Business owners/managers – Percentage with more workers at each experience level compared with 12 months ago by business plans

Q8. Compared to the situation 12 months ago, is the current number of paid staff that are in each group less, more or the same?

Q23. Which one of the following best describes this business's plans for the next 12 months? Does the business want to... grow, etc.

	All business owners/ managers	Businesses planning to grow	Businesses planning to stay the same
Base =	835*	281	419
	%	%	%
Entry-level	23	30	21
Intermediate	13	16	13
Experienced	13	15	11
Expert	10	12	9
Total	**	**	**

Total may exceed 100% because of multiple responses.

*Sub-sample based on Business owners/managers who have plans for their business to grow or stay about the same size.

¹⁷ 'Entry-level' - new to the building and construction sector (e.g., I am an apprentice, new graduate); 'Intermediate' - have some work experience, but still work under supervision; 'Experienced' - have enough work experience to work independently; and 'Expert' – have extensive work experience, work independently and can coach others.

Future staffing requirements

Furthermore, business owners/managers who wanted their business to grow in the next 12 months were also **more likely** to state they now wanted to employ more staff at all levels, and particularly those at the experienced and expert levels (Table 7).

In this regard, and as noted earlier, the availability of (skilled) staff was a key factor that was identified as influencing the future business plans of business owners/managers who wanted their business to grow.

Table 7: Business owners/managers – Extent to which more staff are required at each experience level by business plans

Q29. Thinking some more about your business in the next 12 months. What type of staff, if any, does your business need in order to ... grow, etc.

Q23. Which one of the following best describes this business's plans for the next 12 months?

	All business owners/ managers	Businesses planning to grow	Businesses planning to stay the same
Base =	863*	314	549
	%	%	%
Entry-level	36	56	26
Intermediate	44	63	33
Experienced	57	77	46
Expert	41	53	35
Total	**	**	**

Total may exceed 100% because of multiple responses.

*Sub-sample based on Business owners/managers who have plans for their business to grow or stay about the same size.

Type of staff required

Overall, more than half of business owners/managers who wanted to employ staff stated they specifically **wanted to recruit tradespeople** (54%), followed by *supervisors and team leaders* (27%) and *technicians* (27%) (Figure 15 overleaf).

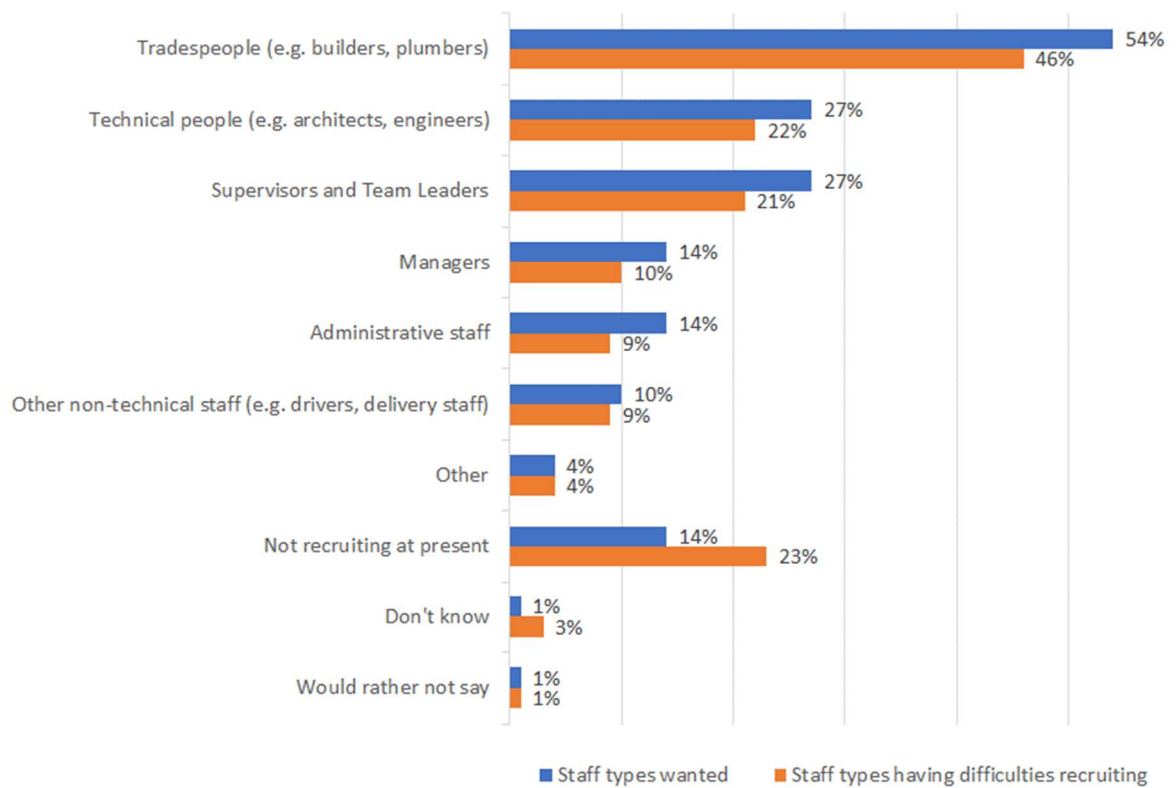
Business owners/managers who wanted their business to grow more frequently identified *tradespeople* as the type of staff they wanted to recruit (59%), followed by *supervisors and team leaders* (35%) and *technicians* (33%).

Type of staff difficult to recruit

Tradespeople were not only the type of staff most frequently identified by business owners/managers as the staff they wanted to recruit, but they were also at 46% most frequently identified as the type they were having **difficulties recruiting** (Figure 15).

This was also the case with business owner/managers who wanted to recruit *supervisors and team leaders* (21% said they were having difficulties), as well as *technicians* (22% said they were having difficulties).

Figure 15: Business owners/managers – Types of staff having recruitment difficulties (n=1029)



Q31. And which of these types of staff is the business having difficulties recruiting, if any?

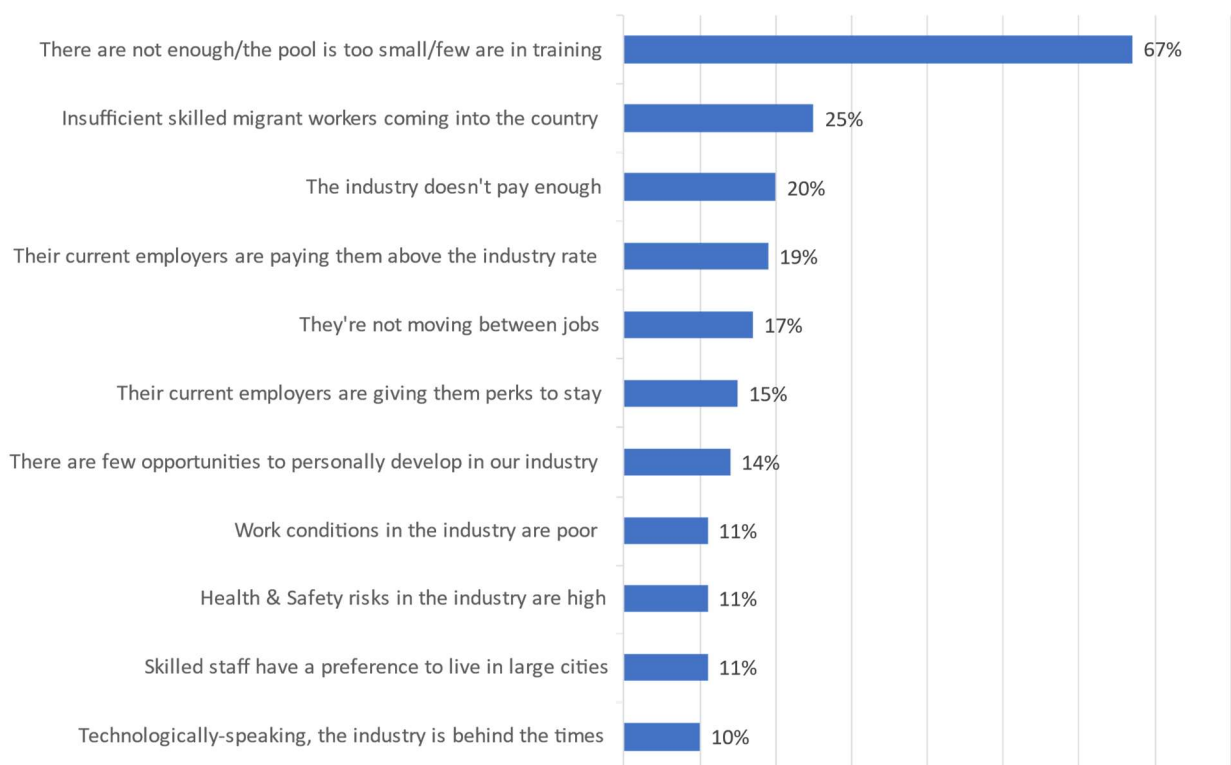
Q30. Thinking more specifically about the types of staff the business needs. Please complete the following table to tell us what type of staff it needs.

Reasons for recruitment difficulties

The reason most frequently identified by those having difficulties recruiting specific types of staff was that there was simply *not enough* of them (67%) (Figure 16).

Fewer, but not insignificant percentages of business owners/managers, provided more specific reasons, including the fact that there were *insufficient skilled workers coming into the country* (25%), the *industry does not pay enough* (20%) and the opposite of this – *current employers are paying workers above industry rates* (19%).

Figure 16: Business owners/managers – Reasons for recruitment difficulties (n=466)



Q32. Which of the following are reasons why this business is having difficulties recruiting skilled staff?

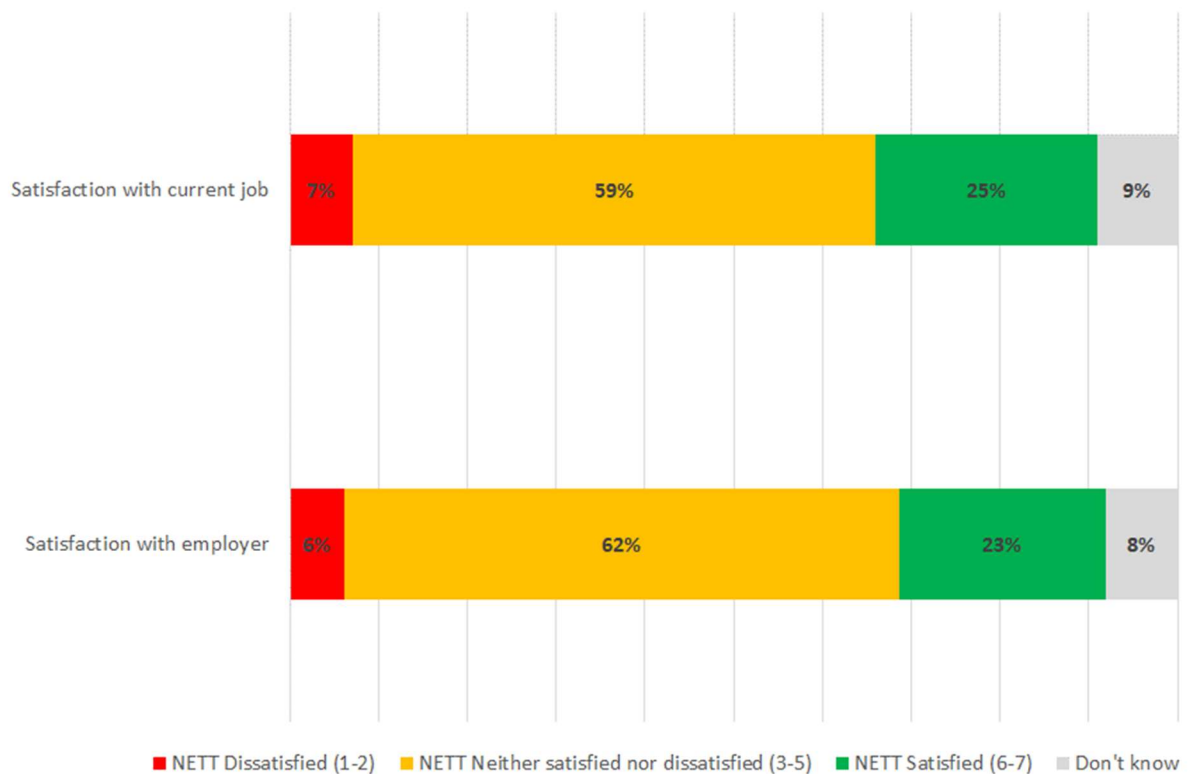
What's important to workers?

Examining some of the reasons for the recruitment difficulties from the perspective of workers and particularly those who have been working for their current employer for up to two years, we can see that working for an employer who offers above-average pay rates is an important 'driver'.

However, the more frequently mentioned 'drivers' were qualitative in nature such as *liking the people they work with* (65%), the *reputation of the business* (62%), whether or not the business *helps build their confidence at problem solving* (54%) and whether or not it *offers on-the-job training and professional development opportunities* (52%).

It is important to note that the workers' current levels of job and employer satisfaction are currently **no more than about 25%** for each (Figure 17).

Figure 17: Workers – Job and employer satisfaction (n=784)



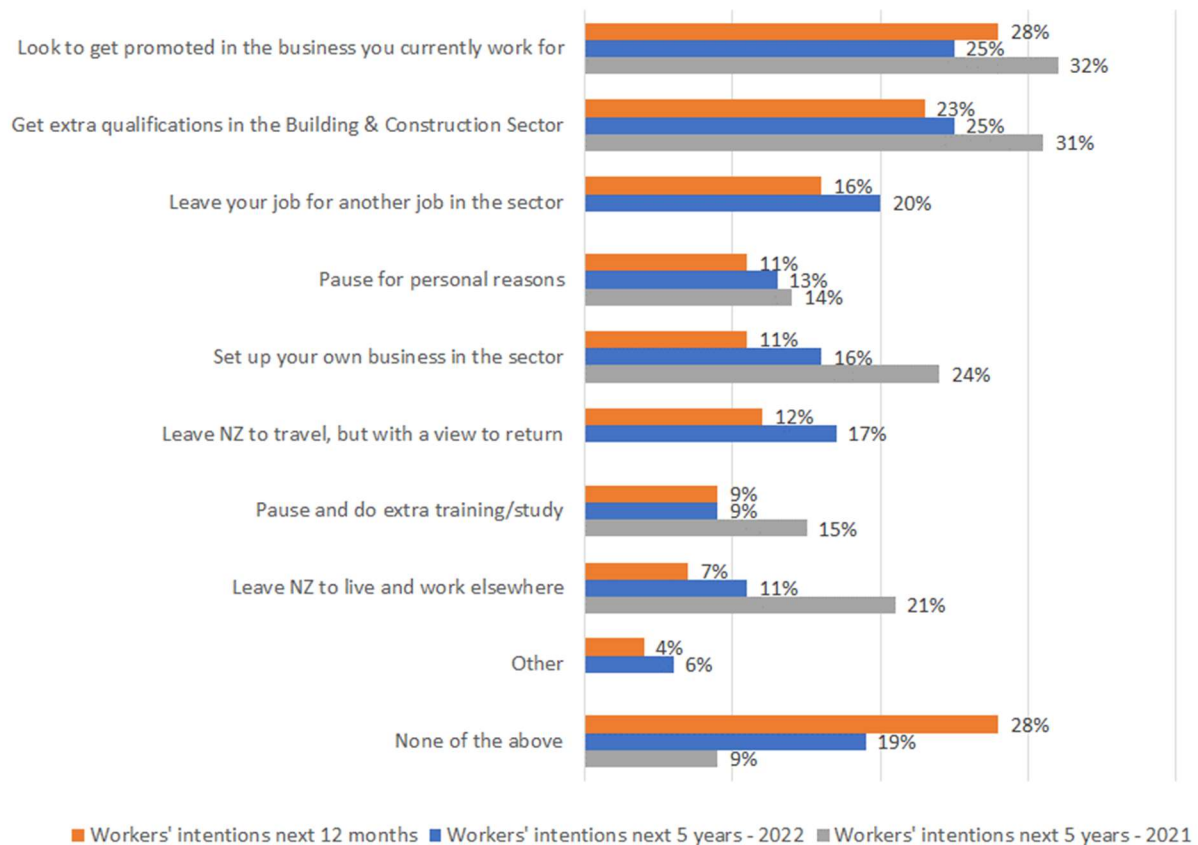
Q20. Overall, how satisfied are you with your current job and the business you work for?

Workers' short- and long-term plans

However, despite their job and employer satisfaction (refer to previous sub-section), when asked about their plans for the next 12 months, as well as in the next 5 years, workers most frequently stated that in the next 12 months, their plans involved **remaining working in the sector** in order to *get promoted within the business they currently work for* (28%) and/or *gain more qualifications* (23%) (Figure 18).

However, some stated that they would *switch employers* (16%), *leave New Zealand to travel* (12%) and *leave to live in another country* (7%). Furthermore, note that a higher percentage said they are planning to leave New Zealand in the next 5 years to travel (17%) or permanently leave (11%).

Figure 18: Workers – Future plans (12 and 24-month timeframes) and in comparison, to 2021 (Workers 2022: n=784; Workers 2021: n=1,038)



Q22. Which of the following things do you plan to do within the next 12 months?
 Q23. And what about the next five years?

When compared with the situation in 2021 (as reported in *The COVID-19 pandemic and its impact on building system actors* research), there is a suggestion that fewer now plan to study and get extra qualifications. In 2021, 31% stated they planned to do this compared with the current result of 25%. Also, important to note is the fact that fewer plan to leave the country to work elsewhere (21% in 2021 compared with 11% this year).

Workers' immediate expectations

In the short term, workers generally expected their jobs to be much the **same**, in terms of the *normal weekly hours they work* (67%), *overall working conditions* (63%) and *physical safety at work* (63%) (Figure 19 overleaf).

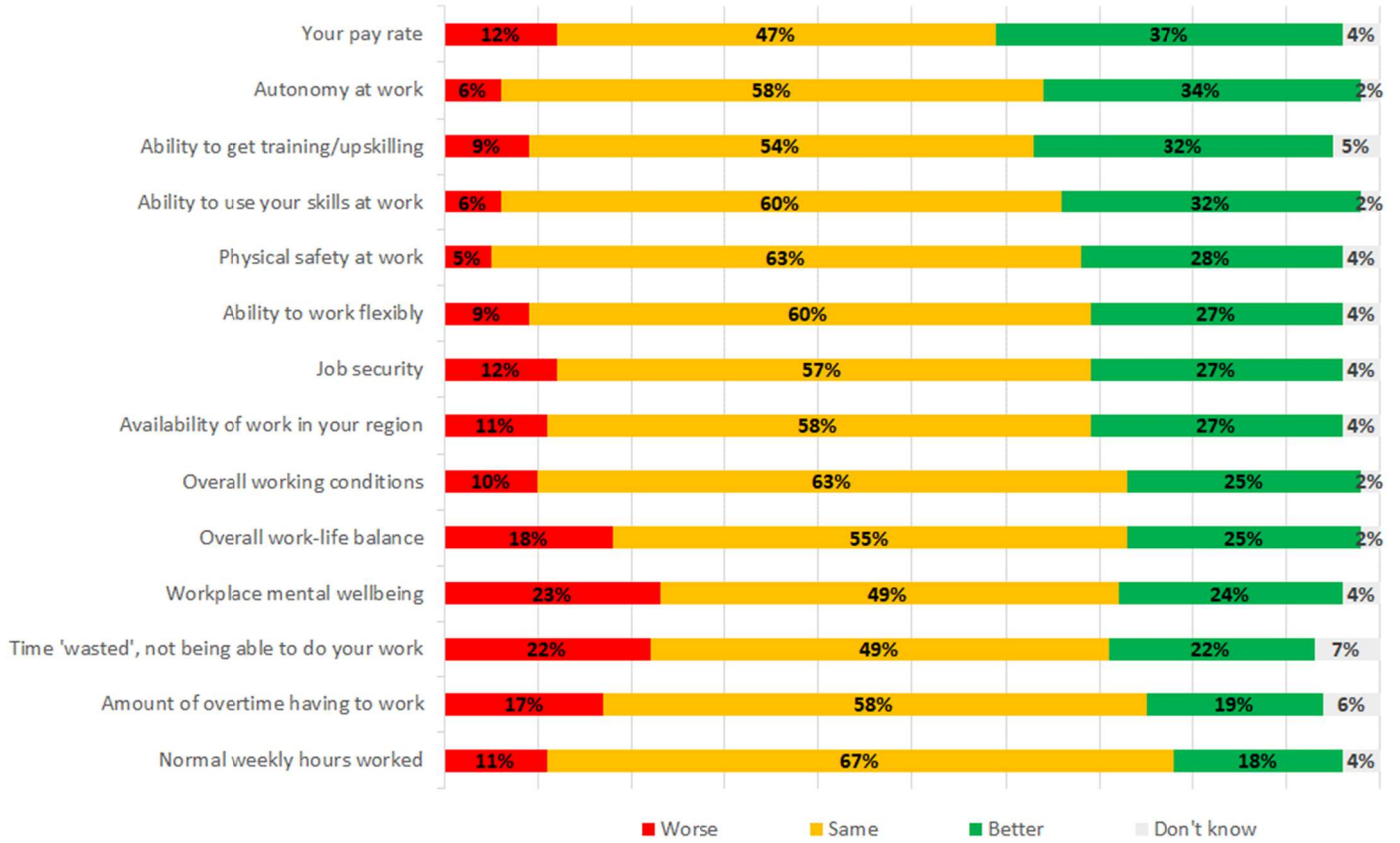
However, many expected some aspects to be **better**, including their *pay* (37%), *autonomy at work* (34%), *ability to get training/to upskill* (32%), and *ability to use their skills* (32%).

In comparison, aspects identified by reasonably large percentages of workers as getting **worse**, included *workplace mental wellbeing* (23%), *time 'wasted' because of an inability to do planned work* (22%), *overall work-life balance* (18%), and the *number of overtime/long hours they would have to work* (17%).

When these expectations are compared with those recorded in 2021 (as reported in *The COVID-19 pandemic and its impact on building system actors* research), the general conclusion is that workers are now less likely to state they see their overall work-life balance, or their overall working conditions or job security as improving.

For example, in 2021, 35% of workers envisaged their overall work-life balance improving, but this is now the case for 25% and a higher percentage see this aspect of their job becoming worse (18% compared with 4% in 2021).

Figure 19: Workers – Future expectations (n=784)



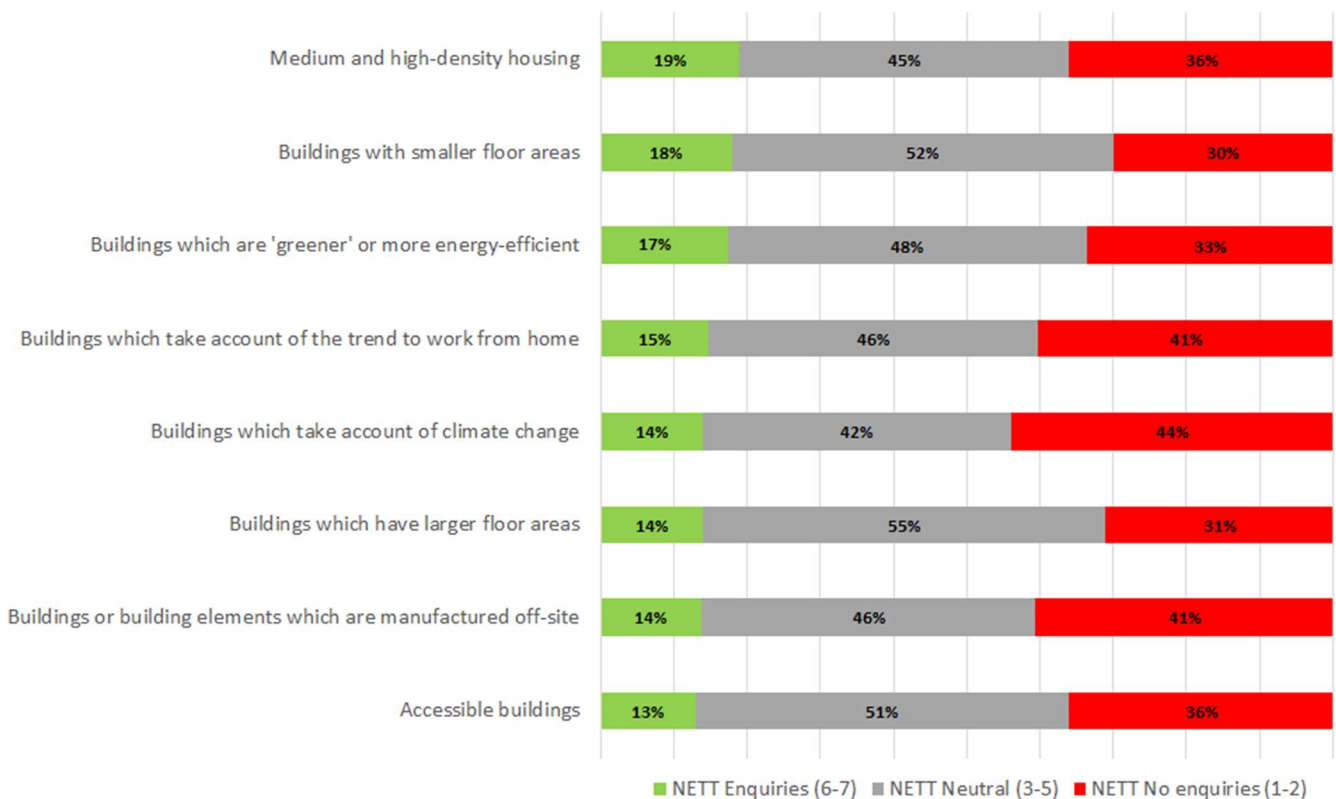
Q21. Which of the following do you see getting better, worse or staying the same in the next 12 months?

Level of enquiry about new trends

Relatively few business owners/managers reported they were **receiving enquiries from consumers** about a range of new building design and construction trends.

The highest enquiry rates were recorded for *medium to high-density housing* (19%), *buildings with smaller floor areas* (18%) and *buildings which are 'greener'* (17%) (Figure 20).

Figure 20: Business owners/managers – Customer enquiries about new trends (n=1,029)



Q33. To what extent would you say this business is currently receiving enquiries or requests by customers to design or build in a way that relates to each of the following?

Businesses' capabilities with respect to the trends

In general, twice the percentage of business owners/managers stated they **were capable** in terms of each of the design and construction trends as said they were **not** capable. For example, 35% said they are capable in terms of *buildings which are 'green'*, whereas 18% said they are not capable.

However, no specific trend recorded a capability rating of more than 50%, with the highest rating recorded for *buildings with smaller floor areas* (47%) and *buildings with larger floor areas* (42%) (Figure 21 overleaf).

The trends are presented in the figure below in terms of the extent to which business owners/managers were receiving enquiries. The trend identified by business owners/managers as the one they were receiving the most enquiries about from consumers (i.e., *medium and high-density housing*), recorded a capability rating of 32%.

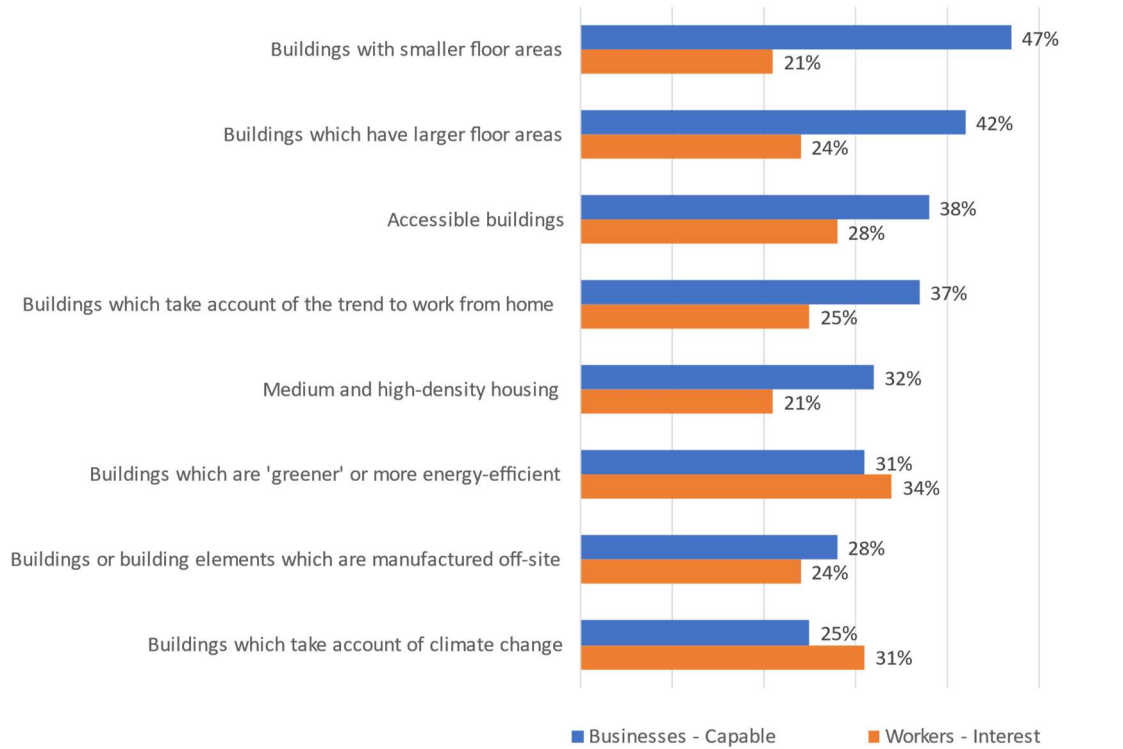
Workers' interest with respect to the trends

While business owners/managers recorded a relatively low capability rate in relation to *buildings which take account of climate change*, this was one of three trends recording the **highest rates of interest** amongst workers.

In fact, when asked to identify the trends they were most interested in to develop their personal capability, 31% identified *buildings which take account of climate change* and 34% *buildings which are 'green'* (Figure 21 overleaf).

In comparison, interest in *medium and high-density housing* which, according to business owners/managers is the trend they are receiving the highest number of enquiries about from consumers, recorded one of the lowest levels of interest amongst workers (21%). In fact, 26% of workers categorically stated they were not interested in developing their personal capability in this trend.

Figure 21: Business owners/managers' capabilities with respect to new trends – Compared with Workers' interest in new trends (Business owners/manager: n=1,029; Workers: n=784)



Q34. To what extent does this business currently have the capability to assist customers who make these enquiries and requests? By this, we mean it has the knowledge, experience, processes, workforce and resources.

Q24. To what extent are you interested in developing your skills and expertise in each of the following.

New design features considered by consumers

Reflecting the results above for ‘green’ buildings and those that take account of climate change, end-users building new homes appeared to have a focus on **energy efficiency** given the features they are incorporating into their builds (Table 8).

Energy efficient appliances and *smart heating systems* were the two most frequently mentioned features by end-users. For example, 49% of recent home builders and renovators stated their new build had *energy efficient appliances* and 46% said they had a *smart heating system*.

Many delayers also mentioned that their new build will have *solar panels* (55%) and a *smart appliance control system* (42%).

Table 8: End-users built or building new homes – Features of their new builds

Q15. Which of the following does/will ... [the house/townhouse/apartment/unit] have, if any? [Recent Home Builders & Renovators]

Q41. Which of the following will ... [the new house/townhouse/apartment] have, if any? [Delayers]

Q61. Which of the following will ... [the new house/townhouse/apartment] have, if any? [Planners]

	All end-users	Recent home builders & renovators	Delayers	Planners
Base =	131	71*	31**	29^
	%	%	%	%
Energy efficient appliances	52	49	55	55
Smart heating system	48	46	58	41
Solar panels	47	27	55	34
Triple glazed windows	38	27	26	24
Smart appliance control system	33	28	42	34
Smart rainwater collection system	23	24	29	14
Smart or automatic window blinds	18	17	23	14
Smart irrigation system	11	7	19	14
None of the above	12	17	6	17
Total	**	**	**	**

Total may exceed 100% because of multiple responses.

*Sub-sample based on End-users who commenced/completed building a new house/townhouse/apartment/unit in the last 12 months.

**Sub-sample based on End-users who delayed building a new house/townhouse/apartment/unit in the last 12 months.

^Sub-sample based on End-users who are planning to commence building a new house/townhouse/apartment/unit in the next 12 months.

In comparison, end-users involved in major renovations appeared to have a focus on **improved insulation**, particularly in terms of *insulating roof and wall cavities*, as well as installing *double-glazed windows* (Table 9). For example, over one-third of recent home builders and renovators who completed a major renovation stated they had insulated their roof (39%) and wall cavities (39%) and 38% said they had installed double glazed windows.

Table 9: End-users renovating - Features of major renovations

Q16. Which of the following does/will the ... [house/townhouse/apartment/unit] have as a result of the renovation, if any? [Recent Home Builders & Renovators]

Q42. Which of the following will your [house/townhouse/apartment] have as a result of the renovation, if any? [Delayers]

Q62. Which of the following will your [house/townhouse/apartment] have as a result of the renovation, if any? [Planners]

	Base =	Recent home builders & renovators			
		All end-users	& renovators	Delayers	Planners
		119	76*	85**	35^
		%	%	%	%
Double glazed windows		50	38	20	37
Insulation in the roof cavity		44	39	15	26
Insulation in the walls		42	39	11	31
Insulation under the floor		32	26	12	23
New or improved heating system		30	24	11	26
New or improved ventilation system		30	20	12	31
Draught stopping for existing doors and windows		26	25	7	17
Energy efficient appliances		26	18	12	20
Smart or automatic window blinds		20	5	8	3
Solar panels		18	16	8	6
Smart appliance control system		14	20	1	3
Smart water collection system		13	7	12	3
Smart irrigation system		12	8	8	3
None of the above		57	18	48	37
Total		**	**	**	37

Total may exceed 100% because of multiple responses.

*Sub-sample based on End-users who commenced/completed a major renovation in the last 12 months.

**Sub-sample based on End-users who delayed a major renovation in the last 12 months.

^Sub-sample based on End-users who are planning to commence a major renovation in the next 12 months.

Having *healthier homes* and *reducing future operating costs* are the two most frequently mentioned reasons end-users are incorporating these features into their new builds and major renovations (Table 10).

Table 10: End-users – Reasons for features of new builds and major renovations

Q17. Thinking about how you have answered the previous question. How much would you say each of these is important in explaining why your [house/townhouse/apartment] will have these features? [Recent Home Builders & Renovators]

Q43. Thinking about how you have answered the previous question. How much would you say each of these is important in explaining why you'd like your [house/townhouse/apartment] to have these features? [Delayers]

Q63. Thinking about how you have answered the previous question. How much would you say each of these is important in explaining why you'd like your [house/townhouse/apartment] to have these features? [Planners]

	All end-users	Recent home builders & renovators	Delayers	Planners
Base =	240	121*	73**	46^
	%	%	%	%
To have a healthier home (e.g., warmer in Winter, so we get fewer colds)	64	64	63	68
To reduce future costs in terms of operating the home	61	62	62	57
To meet Building Code requirements	50	51	48	50
To increase re-sale value or rental return	49	45	58	45
To be more environmentally friendly	48	49	46	45
To meet Healthy Homes legal requirements	44	43	47	44
To have a modern look/style	43	40	51	42
Total	**	**	**	**

Total may exceed 100% because of multiple responses.

*Sub-sample based on End-users who commenced/completed building a new house/townhouse/apartment/unit or a major renovation in the last 12 months and have one of the features listed in Q16.

**Sub-sample based on End-users who delayed building a new house/townhouse/apartment/unit or a major renovation in the last 12 months and will have one of the features listed in Q42.

^Sub-sample based on End-users who are planning to commence building a new house/townhouse/apartment/unit or a major renovation in the next 12 months and will have one of the features listed in Q62.

3.0 Conclusions

The following conclusions are based on the key results of this year's monitor.

1. The building and construction sector is relatively resilient.

Three-in-every-four business owners/managers were confident that their business would still be operating in two years' time (74%), with good levels of forward work for at least the next 12 months. In fact, almost one-third (30%) indicated they wanted their business to grow.

This is despite almost two-thirds stating their business's financial performance for YE 31 March 2022 was neither positive nor negative (63%) and three-quarters describing it as being worse or the same (73%) compared with YE 31 March 2020 (i.e., the year before the COVID-19 pandemic commenced).

To help support their business in the coming year, business owners/managers appeared to place greater importance on receiving help and advice in terms of reducing their costs and pricing jobs correctly. In comparison, workers placed greater emphasis this year on their job security and on improving their general work conditions and work-life balance.

2. Non-compliance is relatively high.

The non-compliance rate for business owners/managers and workers was relatively high at 79% and 82% respectively.

The stockpiling of products and not ensuring that their staff followed appropriate COVID-19 health and safety protocols were the two non-complying behaviours most frequently mentioned by business owners/managers and confirmed by workers.

The stockpiling of products may continue, as well as some other non-complying behaviours (e.g., the unauthorised substitution of products and materials), particularly given the fact that the stockpiling of materials this year was at a higher rate than in 2021.

3. Future demand could be unstable.

While most businesses have good levels of forward work and in many cases, beyond the 12-month mark, it is important to note that this will be dependent on consumer demand.

As we know, many end-users delayed their new builds and renovations in the last 12 months. While many proposed to recommence in the next 12 months, almost one-in-every-two delayers have longer timeframes or are unsure at this stage. This is also the case with planners or those who proposed to start their builds and renovations in the next 12 months.

Significantly, the key 'drivers' influencing both delayers' and planners' intentions are the future stability of building costs and the availability of preferred building materials and products, although some end-users have already gone ahead by substituting their preferences with materials and products that are more readily available and/or cheaper.

Another important 'driver' of end-users' intentions is when their personal financial position stabilises, but with the current inflationary environment, this could further delay their plans.

4. Workforce issues may affect the sector's capacity to meet demand.

Notwithstanding the issues relating to costs, material and product availability and the fact that the current inflationary environment may potentially impact consumer demand, a range of other issues could also impact the sector, including some relating to the workforce. Principal amongst these is the availability of sufficient number of workers in general and more specifically, of certain types and those at specific skill levels.

In a nutshell, the current situation is such that there may not be enough skilled tradespeople, supervisors and team leaders and technicians. Almost all business owners/managers wanting to recruit these staff, and especially those wanting to grow their business, stated they were experiencing recruitment problems.

While the indications are such that most workers intend to continue working in the sector in New Zealand and this is an improvement on what was recorded last year, potentially complicating this is the fact that a small, but still significant percentage plan to leave the country to travel within the next 5 years or leave to settle in another country.

5. The sector's capability could benefit from improvement.

The general opinion of those working in the sector is that the quality of building design, the skill base of the workforce and the quality of building in general could improve. This might relate to the belief that there is a relatively low level of understanding of the Building Act and Code.

This might account for the amount of remedial work that needed to be done for end-users commencing or completing new builds or renovations in the last 12 months and, in part, the general opinion that the sector is not especially cost-efficient.

Also in this regard, is end-users' low level of familiarity and satisfaction with the legal protection available to them, as well as the fact that many even proceeded with a major renovation and even a new build without a written formal contract.

6. The sector needs to build trust and confidence.

Most business owners/managers and workers neither agreed nor disagreed that the sector operates in a joined-up way and this, in turn, might account for the fact that most said they neither had nor did not have trust and confidence in the sector 'players'.

This was particularly the case for councils and local government and the overseas manufacturers of imported products, both of whom recorded relatively low levels of trust and confidence.

End-users, themselves, are also indifferent in terms of their trust and confidence in tradespeople, with one-quarter rating them poorly in terms of providing good value for money and their propensity to 'cut corners'.

7. End-users are incorporating energy-efficient features into their new builds and renovations.

Most business owners/managers and workers neither agreed nor disagreed that the sector easily adapts to changes or that it readily adopts new design and building trends.

That said, workers showed a reasonable degree of interest in developing their capabilities in some of the new trends (e.g., buildings that are 'green', buildings that take account of climate change, buildings that are accessible), although business owners/managers stated that there is relatively little interest in these types of trends from end-users.

However, when end-users were questioned about their new builds and renovations, it is clear that many are adding features aimed at improving how healthy they are, as well as reducing future operating (energy) costs.



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