

STOPPING REACTIVE DECIMATION

The current practice of aligning Aotearoa New Zealand's construction workforce's capacity with economic peaks and troughs is counter-productive.

Contracting and hiring based on short-term economic cycles undermines how we manage demand and how we improve productivity and the reputation of the industry.

REACTIVE DECIMATION

- WELLBEING

- Homelessness
- Unaffordable rental housing
- Decreasing home ownership rates

- LABOUR MOVEMENT

- Reduced ability to recruit externally
- Regions struggle to recruit because of housing quantity and affordability

+ DEMAND

- Costs increase
- Supply chains are tested
- Skills deficit

KNOCK-ON EFFECTS

- Decreased social engagement, reduced social license
- Workforce inclined to immigrate offshore

Consequences are economic and social.
Our current backlog is estimated to be 40,000 houses, contributed to by workforce decimation and compounded by the Global Financial Crisis.

BALANCING BOOM & BUST

+ WORKER RETENTION

+ BUILDING CAPABILITY

+ PRODUCTIVITY

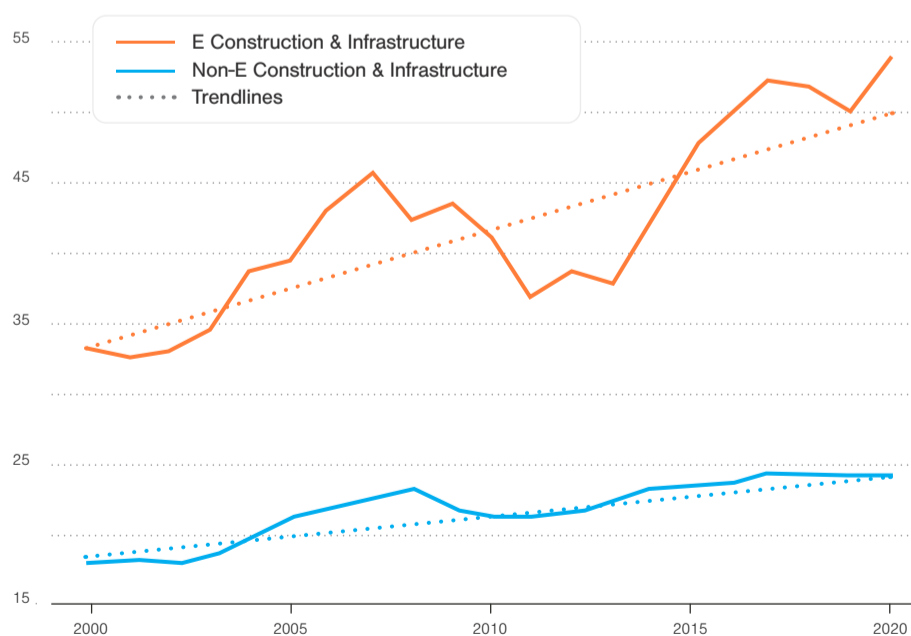
+ REPUTATION

All of which are required to achieve a sustainable and resilient industry.
These outcomes are consistent with the goals outlined in the Construction Sector Transformation Plan.

DO WE HAVE A PROBLEM?

REACTIVE DECIMATION IN NZ CONSTRUCTION:

for detail, see report fig. 10



Based on ANZSIC classifications
Source: INFOMETRICS, NZ STATISTICS, WAIHANGA ARA RAU MODELING

WHAT CAN WE DO?

for detail, see report 'calls to action' / 'recommendations' section

Any investment in the construction workforce should be managed to the trendline, not the peaks. To help alleviate the impact of these rolling cycles, businesses need to manage their capital reserves to fund the entire economic cycle.

Construction sector businesses can include cyclical peaks and troughs in their workforce and financial planning, modeling the periods of downturn and plan to compensate without damaging their forward capacity.

Those who manage their workforce in this manner will be better positioned to take market share from those that do not.

WHAT IS THE BOOM AND BUST CYCLE?

A industry-coined term for economic activity that follows a pattern of rolling peaks and troughs which, over time, demonstrate a predictable pattern, although years in the cycle may vary.

WHAT IS REACTIVE DECIMATION?

In this context: culling the workforce in response to market conditions. This perpetuates a backlog of work which is expensive and prone to reduced quality of output due to heightened urgency.