

# Productivity Partnership Update

**Chris Kane, Partnership Manager**

# Partnership Genesis

- 
- Established in February 2011 to address low productivity in the sector
  - Collaboration between industry and government – BRANZ, BCITO, PGDITO & DBH
  - Governance group and four work streams: Skills, Evidence, Procurement and Construction Systems

# Partnership vision

- An improved, productive, skilled, innovative and efficient building and construction industry which contributes to increased business profitability and quality of life for all New Zealanders
- A 20% increase in sector productivity by the year 2020
  - = \$3b added to GDP

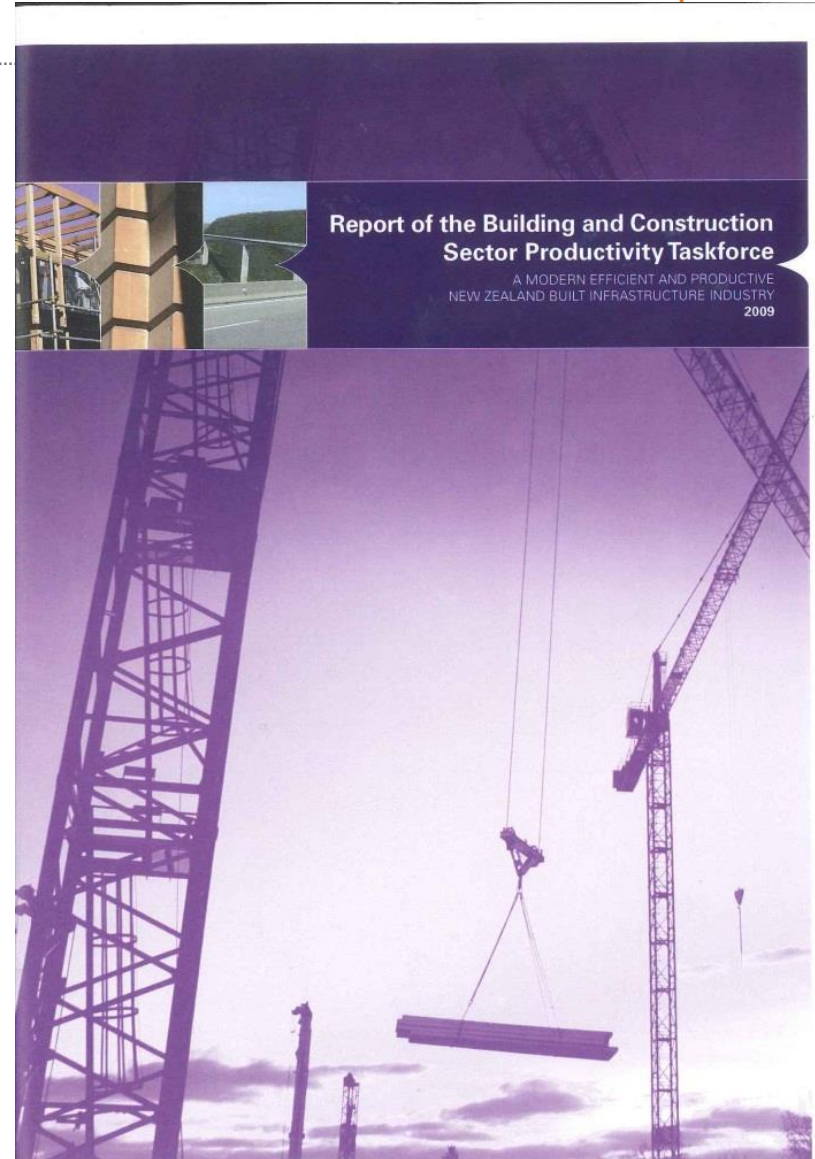
# When we get there

- Skilled, career workforce
- Smart technology used widely
- Seamless construction – no handover holdups
- Customer needs (spoken or not) met
- Collaborative, end-to-end management
- Streamlined processes and building
- Wide electronic information dissemination
- 20 % by 2020 = extra \$3b to economy each year

# Initial Touchstone

---

- Sector Productivity Task Force Report

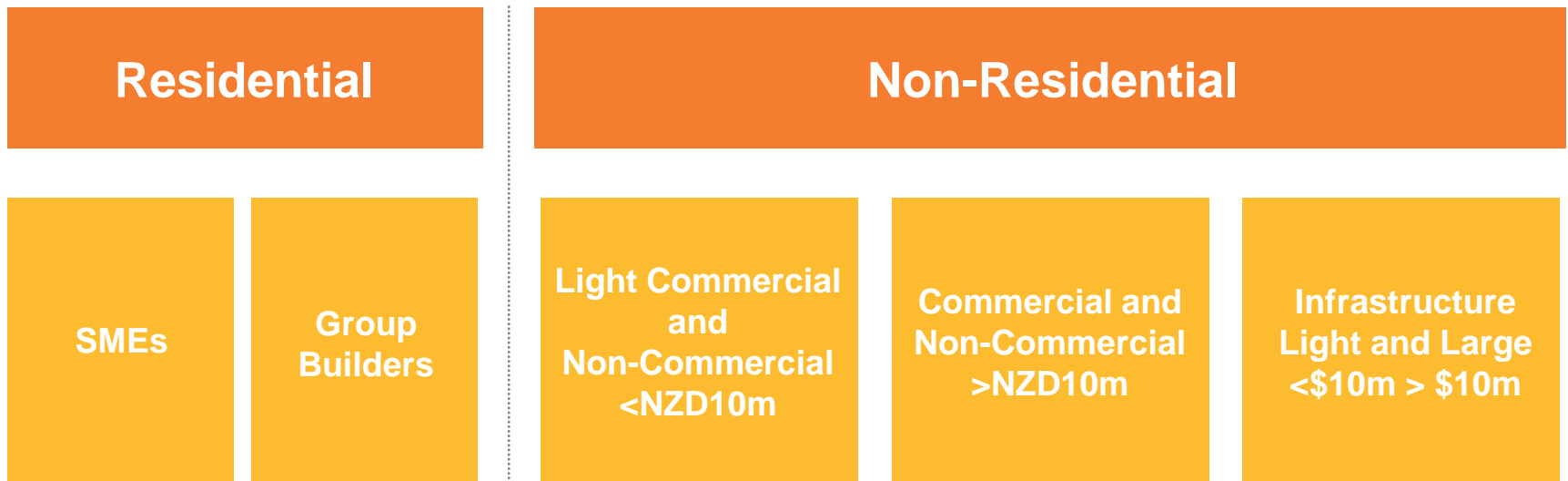


# Importance to NZ Inc

- 90% of NZ household wealth is held in housing
- 50% of building work (\$50k+) results in disagreements or disputes (DBH Research, 2010)
- Leaky building syndrome has damaged the reputation of the sector
  - PwC estimate ≈ **\$11.3 billion** cost to repair
- The collapse of 50 finance companies since 2006 ≈ \$6 billion
- Remedial earthquake strengthening of national building stock
  - Cabinet estimate ≈ **\$1.7 billion** cost to strengthen
- Christchurch rebuild
  - Current estimates between **\$32 billion** and **\$40 billion**

# What is the Construction sector?

## Our working model



# National Pipeline Project

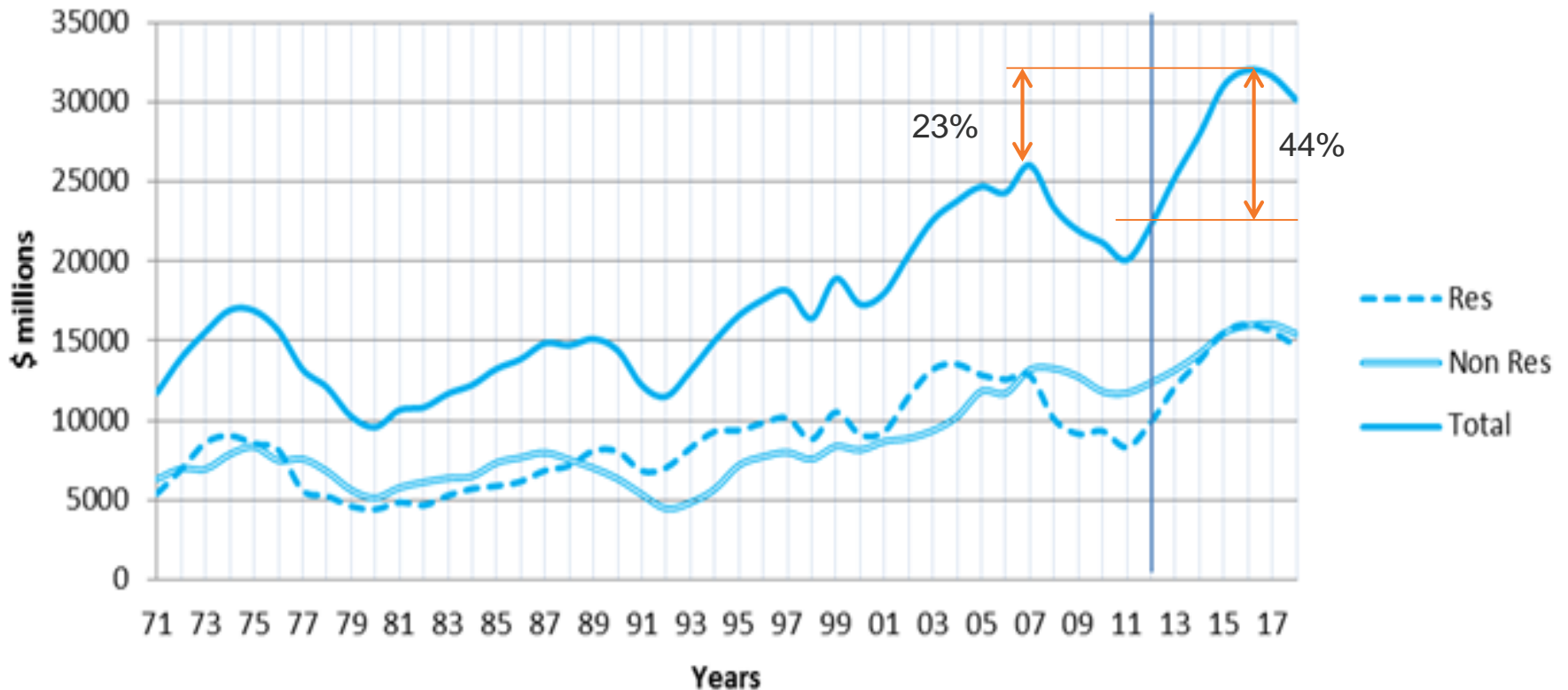
- 
- Recommendation of Productivity Taskforce to publish regularly updated forward workload predictions
  - Enables greater certainty for the sector
    - Invest in staff training, skills, and productive infrastructure
  - Allows for demand smoothing by government
    - Reduce boom-bust



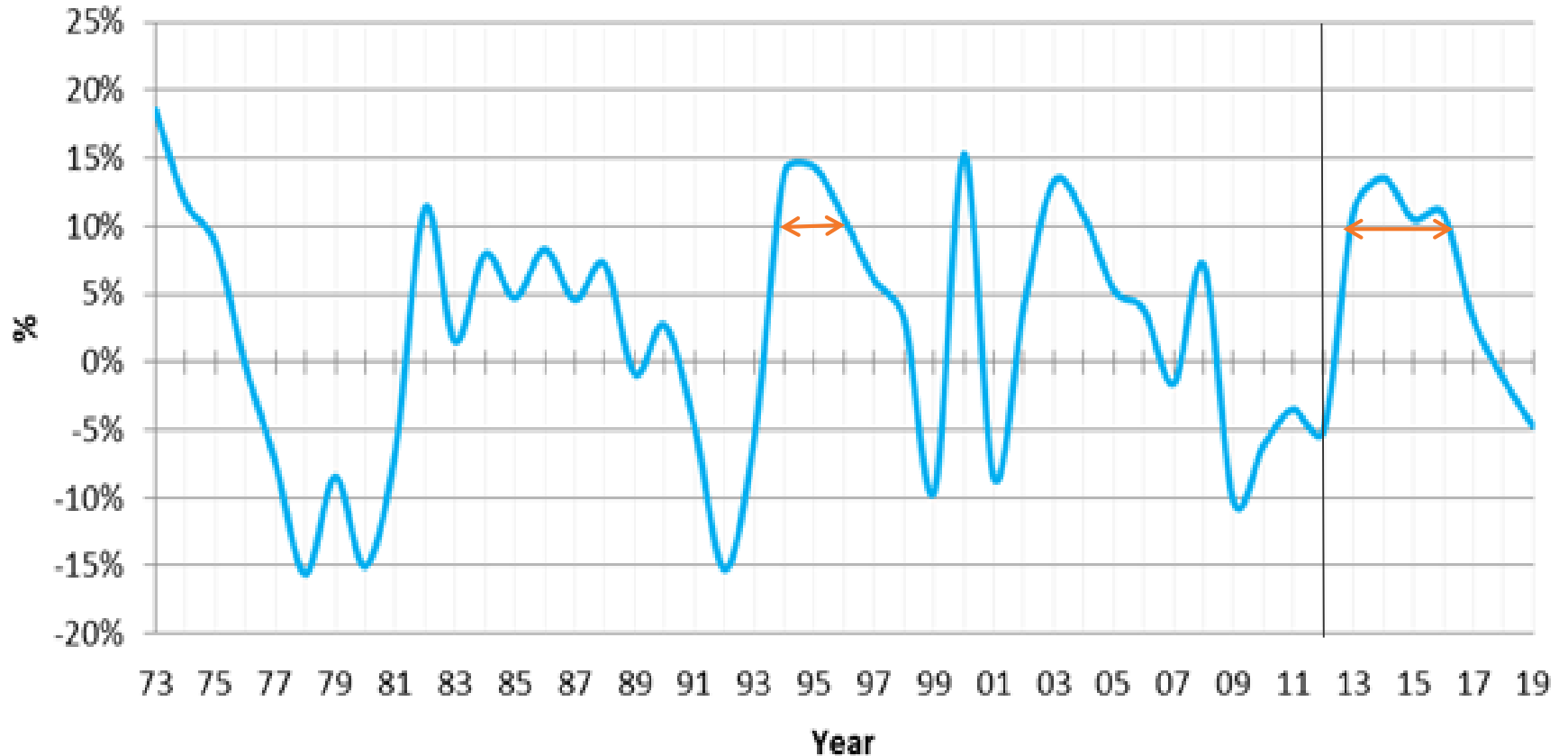
# National Pipeline - Details

- Methodology is unique at time of writing
- Pipeline built primarily from known client intentions
- Forecasts and known history used to fill gaps
- Robust data now available at quite a granular level
- Able to look at regional and sub-sector coming work, almost at a per-project level
- Potentially allows for co-ordination between clients to ensure maximum value – for clients and also contractors
- The sector struggles with rapid demand changes

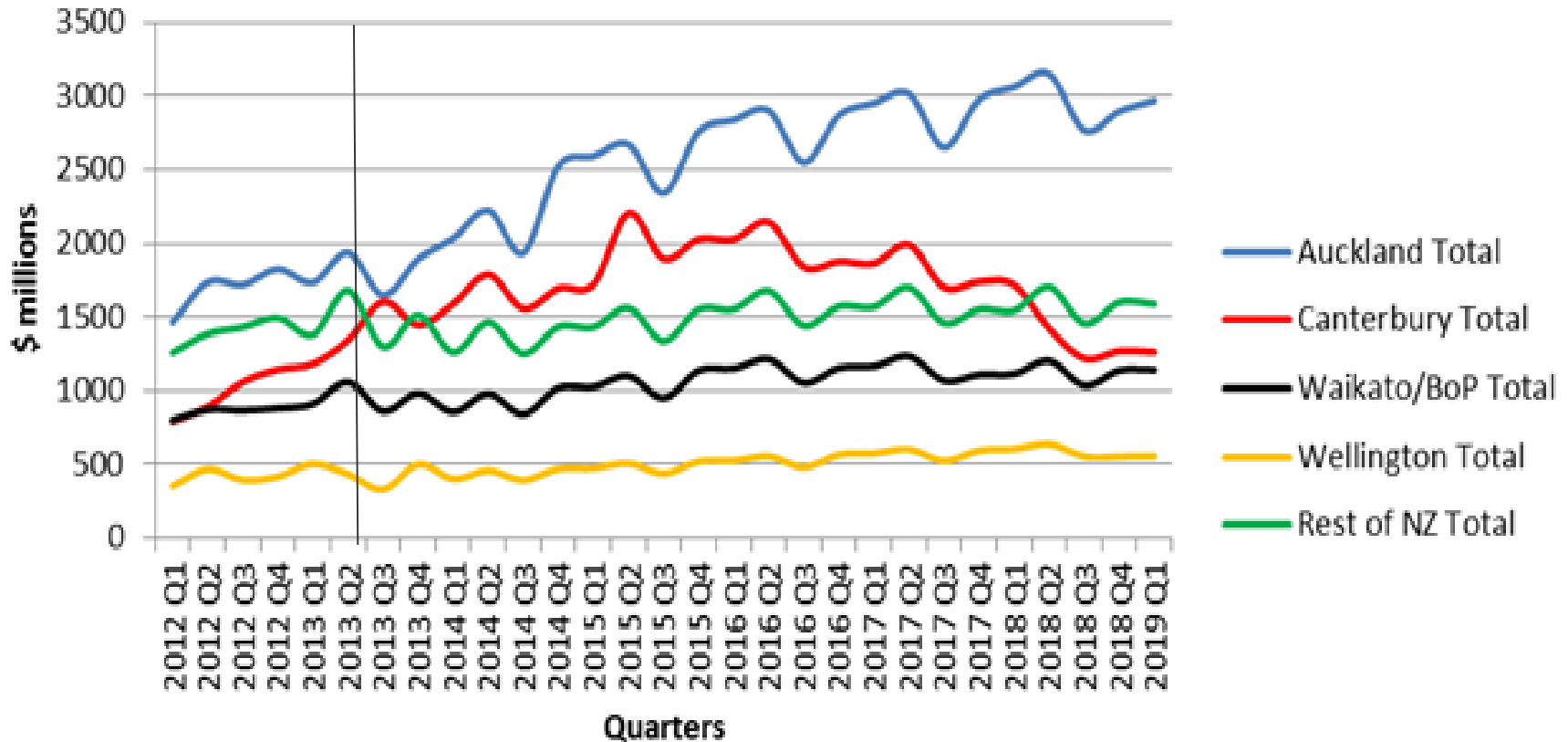
# We are forecasting unprecedented levels of construction



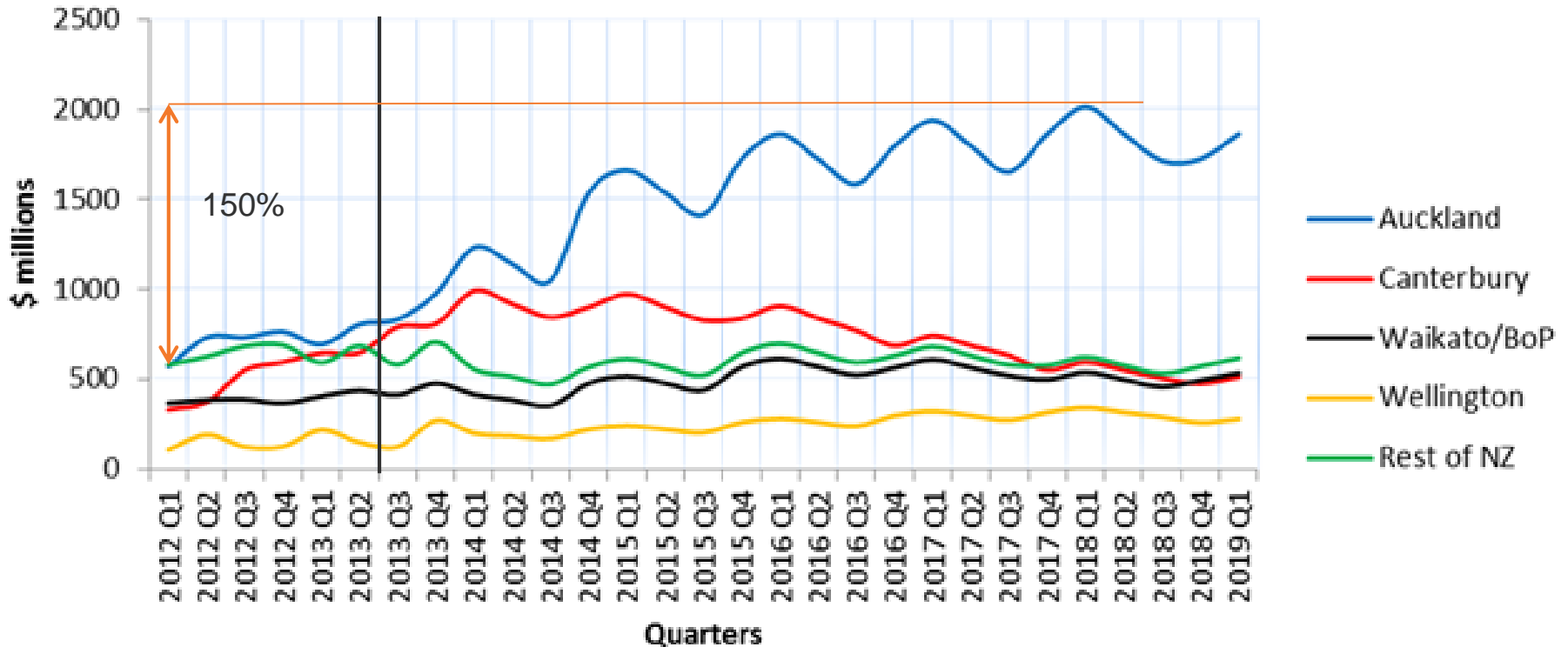
# And unprecedented rates of growth for longer



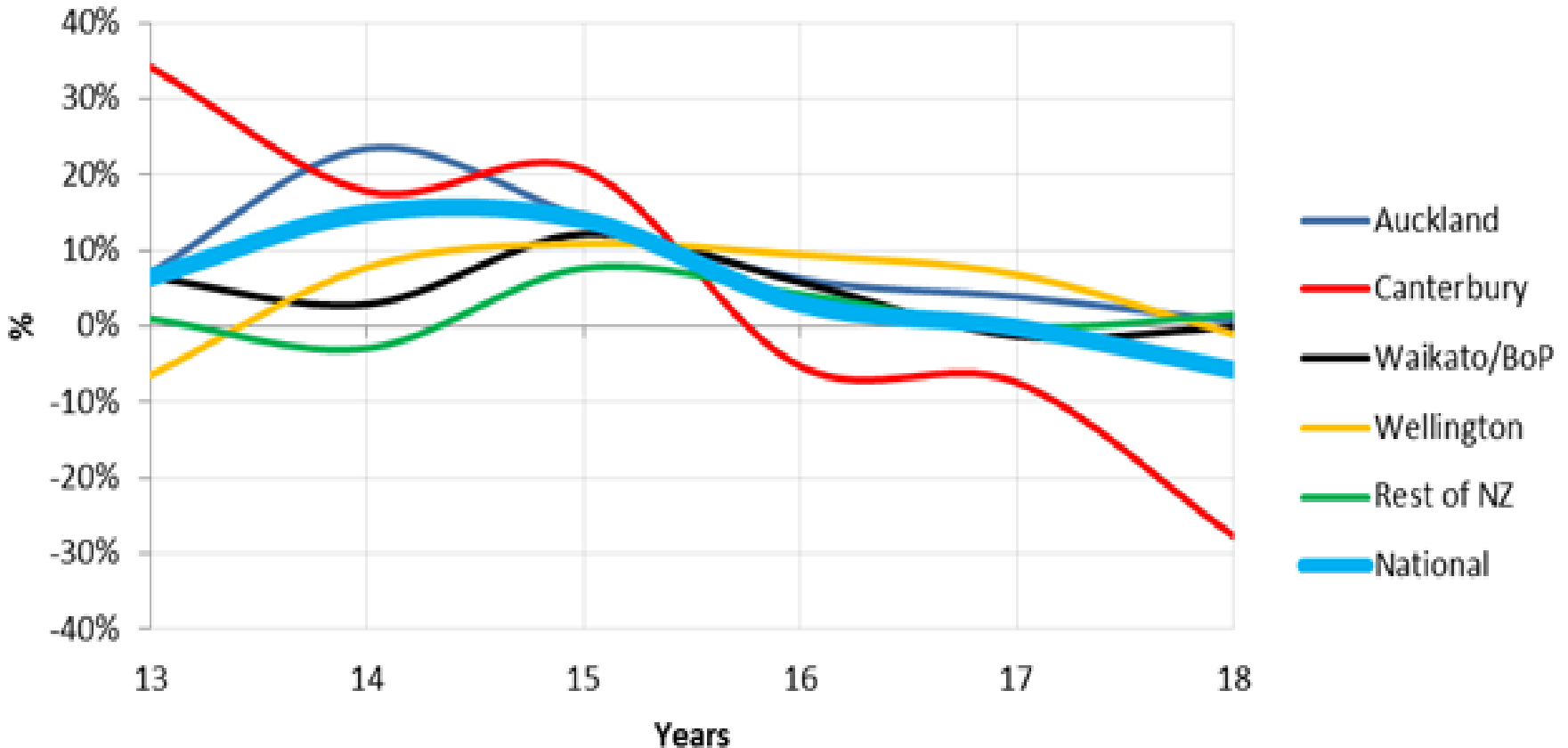
# Auckland is the major driver of the national story...



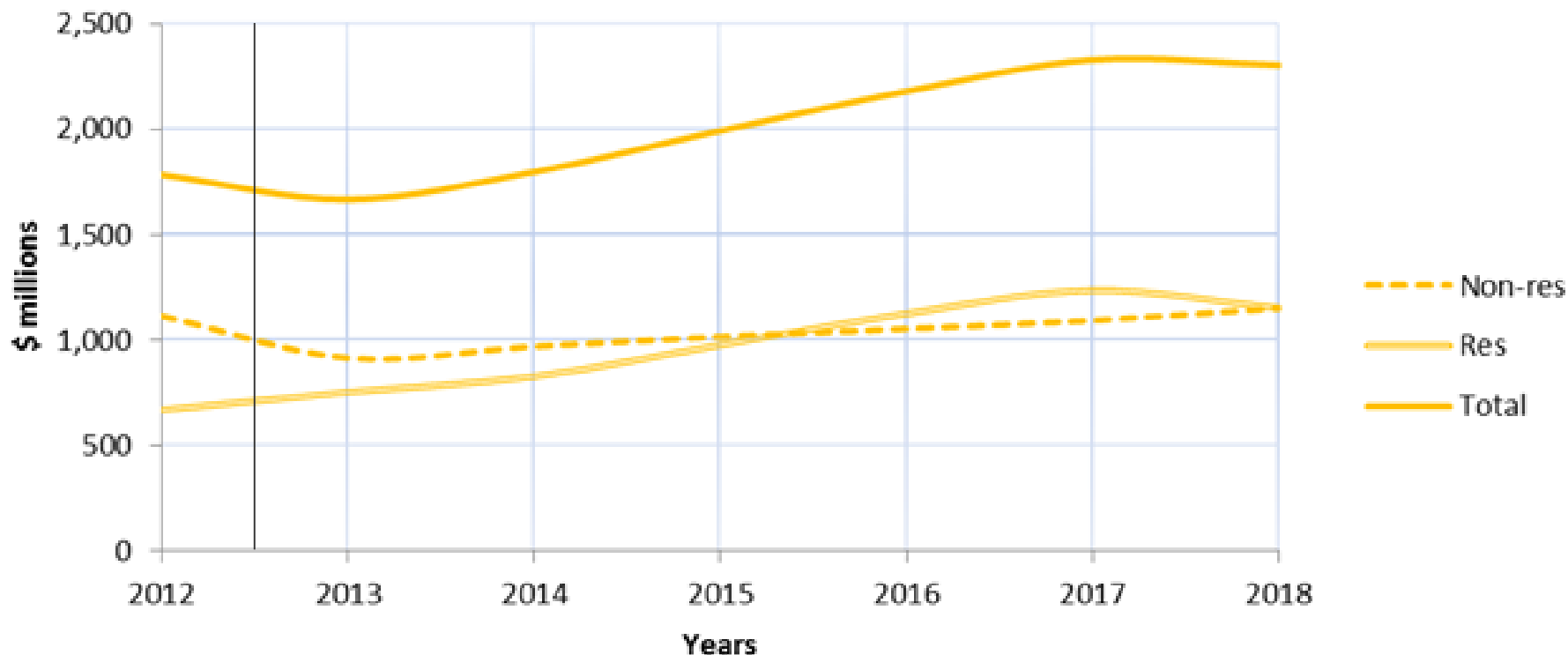
# ... driven mainly by residential growth (off a low base)



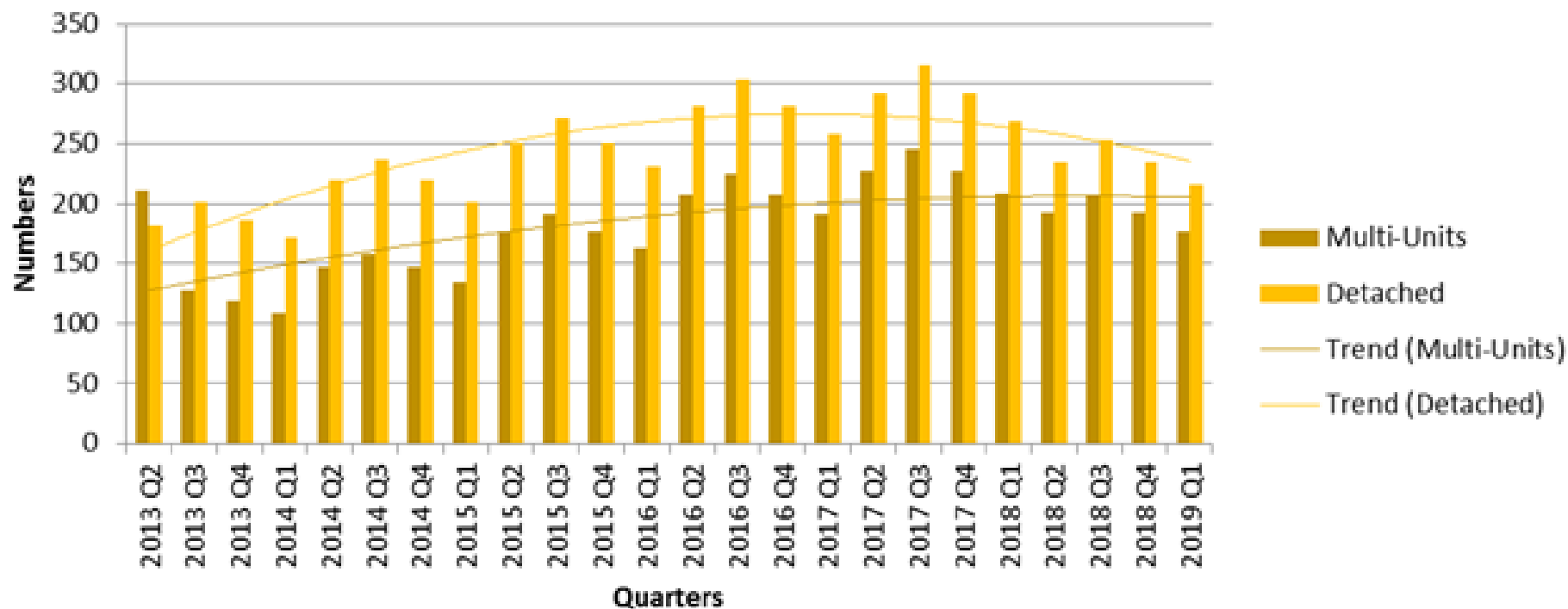
# But Wellington has the next most consistently high growth rate



# Value of building work put in place will consistently grow in the forecast

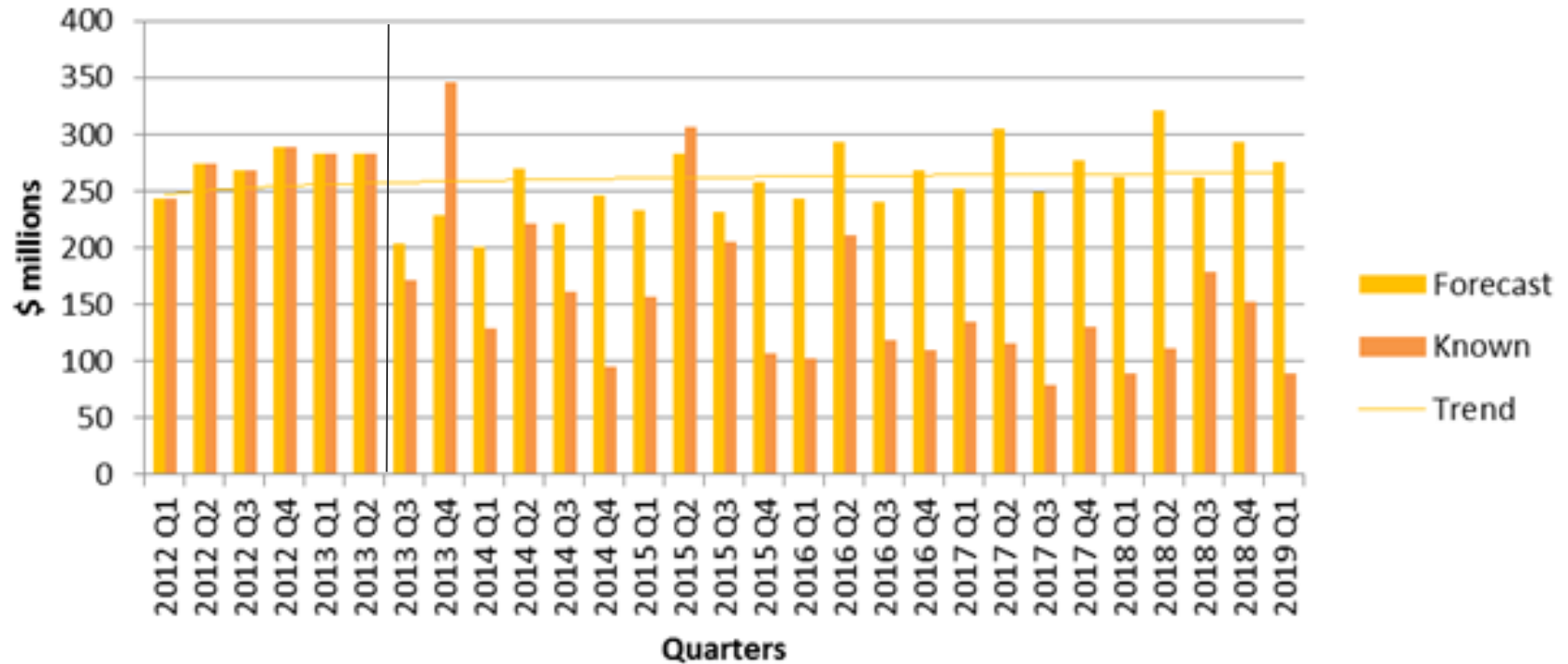


# And high density residential construction will remain important





# Non-residential intentions also drive growth

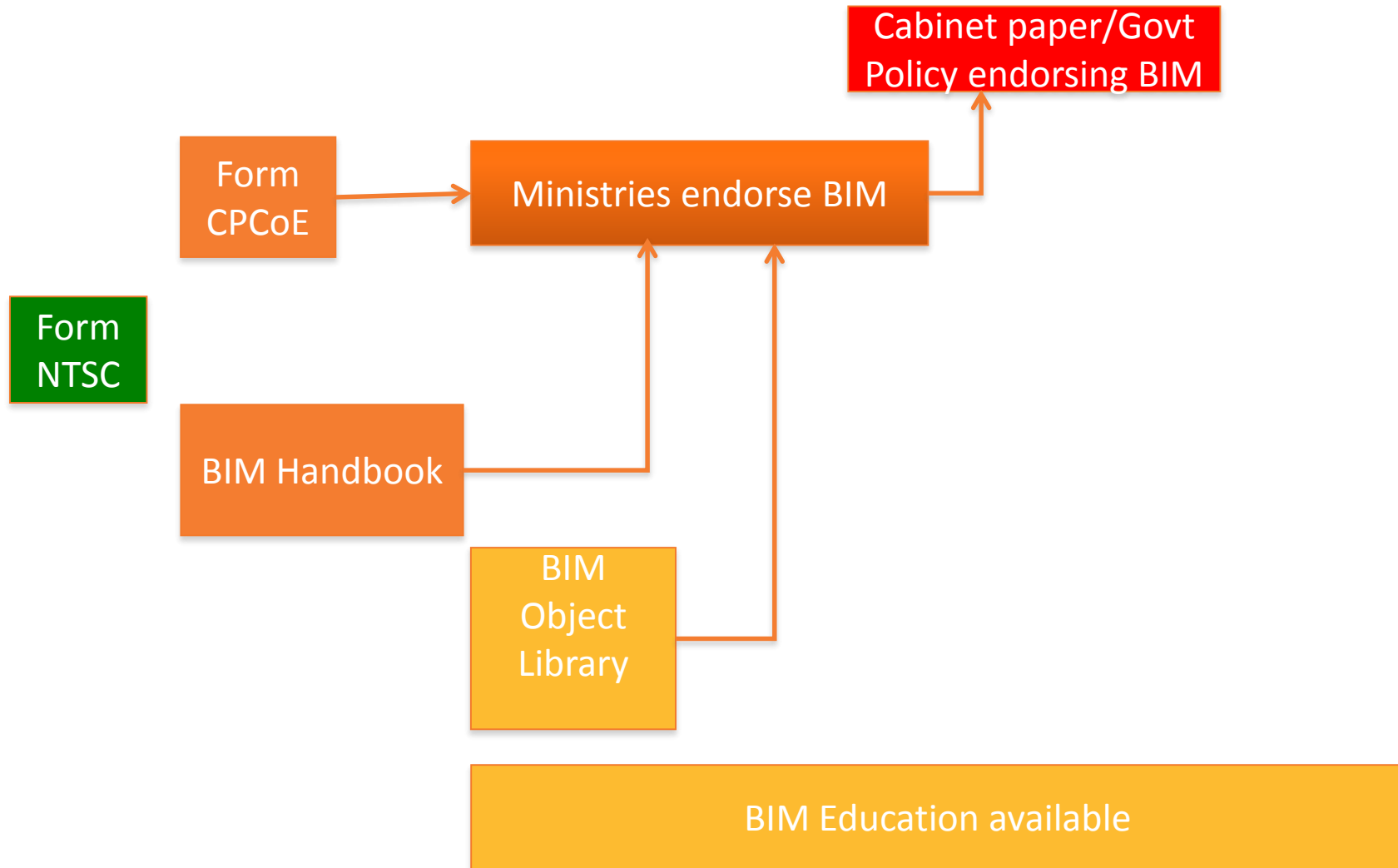




# A forward programme of work to improve productivity

- 
- Breaks down into three components that will assist the sector to **deliver the work, maintain quality and stay solvent**
  - Encourage the use of new delivery methods (supply side)
    - Building Information Modelling
    - Industrialised construction methods
  - Manage demand (demand side)
    - Provide forward workload information to all clients

# BIM Acceleration – Building Blocks



# HOW - Tactics

- Support and publicise wins for early adopters
- Build or support building of user's networks
- Bring overseas expertise where required
- Align government programmes to optimise BIM interoperability
- Provide procurement expertise & support
- Provide education materials

# New Releases

draft

**NEW ZEALAND BIM SCHEDULE**  
Final draft for industry consultation  
March 2014



draft

**NEW ZEALAND BIM HANDBOOK**  
Final draft for industry consultation  
March 2014



# Industrialised Construction

- Support and publicise wins for early adopters
- Build or support building of user's networks
- Bring overseas expertise where required
- Provide procurement expertise & support
- Provide education materials



# Manage Demand

- 
- Continue regional fora in Auckland and Christchurch
  - Work to establish Wellington forum
  - Continue to produce National Pipeline reports
  - Communicate widely and assist with managing processes



# Thank You

---



[www.buildingvalue.co.nz](http://www.buildingvalue.co.nz)

TWENTY  
BY 2020