COLDFACTS

New Zealand Cold Storage Assn Inc

NOV / DEC 2022 ISSUE

Inside this edition

From the Executive

Merry Christmas and Happy Holidays!

We hope you enjoy the last 2022 Cold Facts newsletter and find the information in it helpful. Thank you to those who have contributed to it in many ways, including our sponsors and advertisers.

“This is my ninth month in the role, and I thank you for welcoming me into the Association and industry. It was great meeting most of you at the Conference and learning more about the industry. I am pleased to announce the NZCSA 2023 Conference is in Tauranga from 27 – 29 August. More information will be available in the New Year”.

Recently we sent a survey to members and non-members asking for feedback on what industry and association matters are important to you. The executive committee met in Wellington on the 13th of December, and feedback was used to help shape the Association’s strategic plan over the next 2 years. The Association will focus on key objectives: promoting the profession & education, engaging with MPI, Energy Efficiency & Conservation Authority (EECA) and other government agencies. We will share the strategic plan in the next Cold Facts newsletter in February 2023.

We have also been working on refreshing the NZCSA website, this is progressing well, and we aim to have this live in February. The new website will have improved listing features, a job vacancy page and educational information about the industry.

2023 looks to be just as busy, and with an election in there somewhere, there’s sure to be a lot to discuss. But for now, we hope you have a chance to get away from the desk for a bit and enjoy the wonderful New Zealand lifestyle we’ve all signed up for. Stay hydrated, remember your sunblock, drive cautiously, and we look forward to seeing you all safely through into the new year.

Wishing you and your loved ones a Merry Christmas and a Happy New Year and thanks again for all your support throughout the year. All the best for 2023.

Lea and the NZCSA Executive


NZCSA Conference
SAVE THE DATE: 27–29 AUGUST 2023
TRINITY WARF TAURANGA
CONFERENCE THEME:
JUST IN CASE?

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Everything is taking longer

The new president of the New Zealand Cold Storage Association, Dion Abrahams, looks back over his experience and at the years ahead.

Q: You are managing director of your own storage facility, Woodland Management Limited, and have now been appointed president of the association. What strengths do you bring to the role of president?

A: *I have experience with running a medium-sized operation. My past experience has helped develop my skills in negotiating with all manner of personalities and situations. My past experience has also helped to hone my analytical and leadership skills.*

Q: With your computer science degree and programming experience, you had the potential to expand your career in London. What drew you back to New Zealand and to the firm your father founded?

A: *I made up my mind in senior high school that one day I wanted to own and run my own business. Computer programming was just a stepping stone on that journey for me. I was able to get some good experience leading two teams and around 16 people before leaving my last computer programming job. The opportunity to join our family warehousing business came up in 2005 and I grabbed it.*

Q: What are the weekly challenges you face at your Mount Maunganui-based storage facility?

A: *The biggest challenge we are presently facing is the ongoing impact that Covid-related disruptions are having to supply chains. Operationally, everything is taking longer than it used to pre-Covid. We are also running into staffing constraints. It is a challenging market for recruiting new staff.*

Q: What are the important principles that your company operates on?

A: *We strive to create value for our customers. Our customers trust us to keep their product safe and to deliver the handling capacities that we promise and to produce consistently good outcomes. We endeavour to deal with our customers and suppliers in an agreeable manner.*

Q: What are the short and long-term challenges for the industry as a whole?

A: *The short-term challenges we face are all around disruptions to the supply chain caused by the fallout from Covid. Long term, we are dealing with a lot of*

aging infrastructure. The cost of refrigerants required to run these aging facilities is getting more and more prohibitive.

Q: How are you, the executive committee and the industry tackling the climate problems that are emerging?

A: *Most new cold store builds are moving towards refrigerants with low Global Warming Potential (GWP). There are now some very good refrigerant options that come with very low global warming potential.*

Q: What do you think the cold storage industry will look like in five years' time?

A: *There has been a move towards more and more automation. There seems to be a shortage of space at this time and I am aware of several new builds coming online over the next five years.*

Q: What do you think are the personal challenges for you now as president?

A: *Chairing our formal meetings is not something I have a lot of experience with. It will take a meeting or two to smooth out the process but with lots of experience around me it should not be hard to get a grip on the task.*

Q: What is the best advice you have been given for your role as president of the association?

A: *The best advice I have been given comes from Bruce Mulligan our former president. He said, "Be a chairman not a president and draw from the combined talents of your executive officer and the committee."*

Q: What do you hope to have achieved by the time you finish your stint as president of the association?

A: *My hope is to maintain the excellent value the New Zealand Cold Storage Association brings to its members and associate members. The annual conference brings a lot of important industry knowledge to a single point for presentation.*

It is also an important time for members and associate members to network. Our associate members have the opportunity to present their products and services to our members and for our members to understand what is on offer and where to source it.

The association also has representation at important industry regulatory bodies to disseminate information to its members and to act as a voice for its members. The Cold Facts newsletter is also a good source of industry knowledge and another opportunity for our associate members to advertise their products and services.

In a tribute to retiring president Bruce Mulligan at the 2022 conference, Dion said that during Bruce's time as president, he had helped steer the association on a successful course.

It had been a great pleasure working with Bruce on the executive committee, and the former Executive Officer Jack Bills had this to say: "As president, Bruce was a pleasure to work with. Bruce was always there when I needed a bit of advice but always prepared to leave me to get on with the job."

Dion added that Bruce's time as president had not been without its challenges.

"An earthquake in Wellington in 2013 saw us need to relocate the Wellington conference at very short notice to Auckland. Due to Covid, we had to cancel the 2020 conference. And we just managed to sneak last year's conference in before the country went into another lockdown."

Bruce provided stability to the association through what could only be described as turbulent times, and his confident and capable leadership as president had steadied the ship, Dion said. The association was well placed for having had Bruce as its president, who had the constant help and support of his wife Sonia. A bottle of fine whisky changed hands at the end of Dion's tribute.

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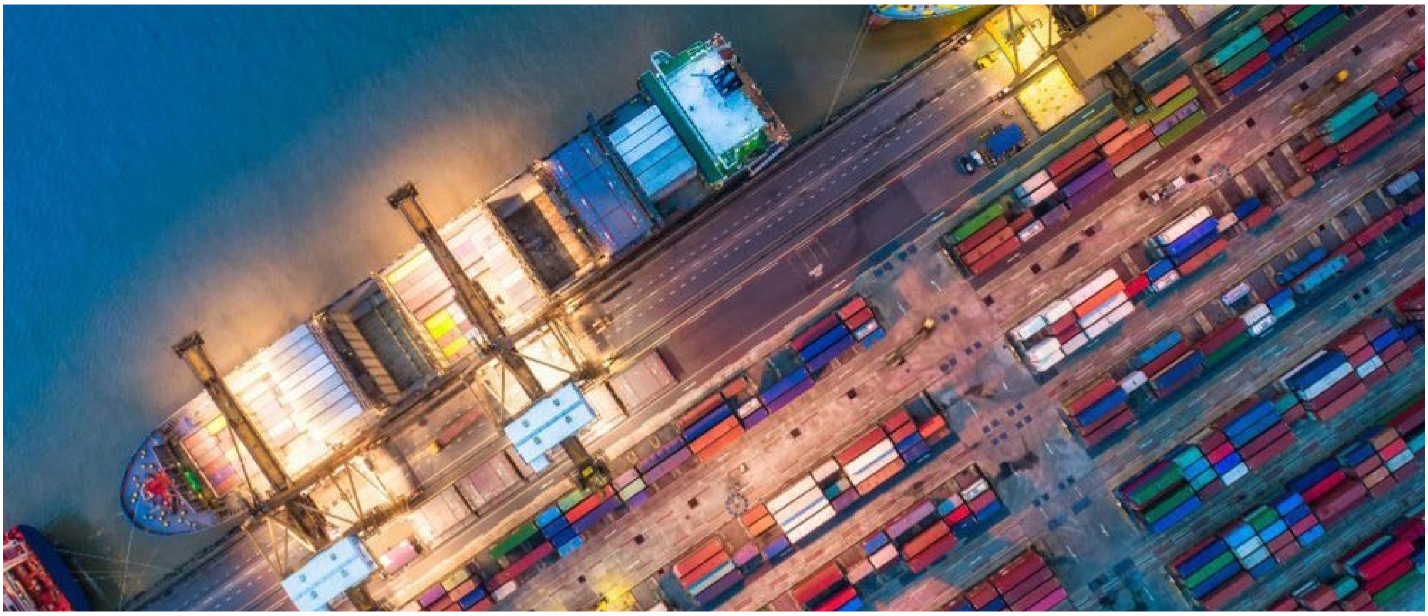


New Zealand's supply chains are expected to be less disrupted but more expensive in 2023

Published by Massey Unversity 7 Dec 2022 (massey.ac.nz)

Aotearoa New Zealand's supply chains have been hit by numerous disruptions over the past couple of years due to the pandemic. Now experts and industry practitioners warn that while disruptions may be on the decline, 2023 will see significant costs and price escalations.

Massey University's Supply Chain Risk Analytics Network (SCRAN) has just released their 2023 risk outlook for Aotearoa New Zealand and have identified a large number of issues that may influence supply chains in 2023.

Impacts of the global pandemic and geopolitical drivers are continuing to be felt in the supply chain. The 2023 supply chain risk outlook report summarises a review carried out by SCRAN in November 2022, with feedback received from 172 supply chain practitioners.

The main areas of risk that the report identifies include high inventory levels, structural changes anticipated in supply chains, staffing, freight issues, but above all, inflation and the overall financial weaknesses in global markets.

Dr Carel Bezuidenhout

As predicted in the 2022 SCRAN mid-year risk outlook, inventory levels have gone up to mitigate the typical disruptions experienced over the past two years. Now, however, demand is low and warehouses are full. This contributes to a range of inventory-related costs, including alternative storage needs when warehouses fill up, increased working capital and reduced cashflow.

Senior Lecturer in Supply Chain Management Dr Carel Bezuidenhout says supply chains have not recovered completely and businesses may continue a 'just-in-case' strategy going into 2023. "There is still a significant global bullwhip effect in many supply chains and waves of under and over corrections in inventory levels will continue well into 2023," he says.

Similarly, due to the financial landscape that has resulted from the pandemic and the war on Ukraine, businesses are more likely to realign their focus on core products, core customers and reliable key suppliers.

Dr Bezuidenhout says this doesn't always favour New Zealand supply chains.

"Several practitioners state that during 2023 they expect revised business and supply chain strategies and refinements in internal systems, with marketing strategies and target regions also being reviewed. This exposes the New Zealand supply chains to the possibility that, in some cases, Aotearoa may not form part of core business."

The report states that increasing job pressures was the most frequently mentioned issue when supply chain practitioners were asked about their work in 2023. This continuous labour shortage impacts on all parts of the chain including ports, warehousing, transport, casual labourers and specialist personnel.

Several supply chain practitioners intend to revise terms with their freight partners in 2023 and new environmental regulations coming in January 2023 are expected to impact shipping schedules and efficiencies.

Dr Bezuidenhout says while we appear to be coming out of an unprecedented disruptive COVID period, with some exceptions in China, our supply chains still suffer with a little bit of long-COVID.

"However, the new global financial realities are now the stronger forces at play. These forces are less likely to cause major disruptions to our supply chains, but high costs and slow markets will weigh us down significantly."

Read the full report here.

Tony Alexander's interest rate view for 2023

By Tony Alexander – Published in Tony's View 8 Dec 2022 (tonyalexander.nz)

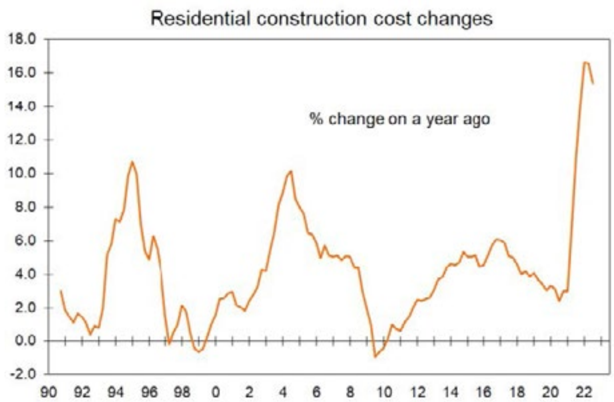
Last week brought the first true statistical sign of the long overdue correction in the volume of house building around New Zealand. The past few years has been a period in which people have become convinced that there is a shortage of housing not just in the cities but everywhere else as well.

This belief in a universal shortage has been encouraged in public commentary regarding the difficulties young people have making their first property purchase, with the mistaken belief that affordability will be strongly improved by simply boosting house supply.

1. Rising construction costs

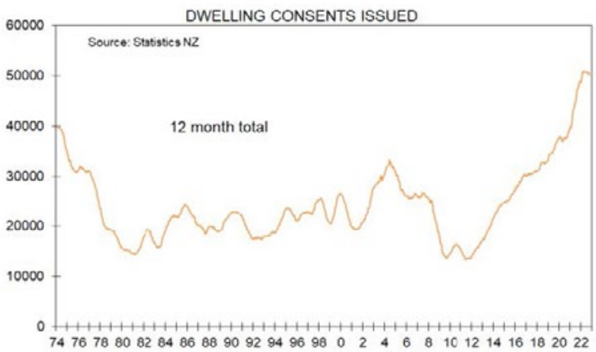
It sounds good from an Eco 101 point of view but fails to recognise that construction costs have been on a strong path upward for a long period of time with assistance from central and local government adding layer upon layer of extra costs to developers looking to supply extra housing.

Rising construction costs provide a natural floor to overall house price levels and are one of at least seven factors coming together to change the house price outlook from some point probably in the first half of next year – but not now. The negatives dominate currently, and it would be premature to argue that the downward phase of the house price cycle has reached its natural end.



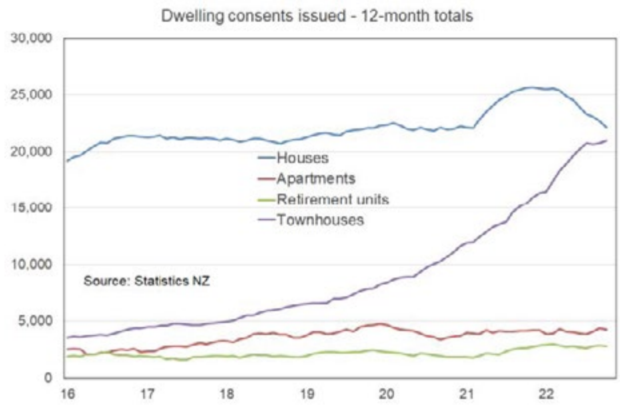
In Australia there is emerging evidence of construction cost inflation easing and we are likely to see the same in New Zealand now that the pipeline of construction is starting to be cleaned out.

Statistics NZ last week announced that in seasonally adjusted terms the number of consents issued for the construction of new dwellings fell in October by almost 11% from September's total. This is the greatest monthly decline since February 2021 and means the annual number of consents issued has fallen slightly to 50,252 from 50,732 in September and a peak of 51,015 in May. We are probably headed down towards 35,000 or thereabouts – not that any of us has a model which can actually predict these things. We proved that in 2020.



The number of consents issued has held up surprisingly well in spite of rising interest rates, only 0.6% nationwide population growth in the past two years, falling house prices since November, and depressed consumer sentiment.

But reality is probably now settling in and the part of construction likely to feel the decline most intensely is multi-unit properties. The issuance of consents for standalone houses peaked on an annual basis late in 2021. But townhouses kept rising and rising.



Changing the rules to allow intensification is all well and good. But people have paid too much for the development land and not allowed for soaring construction costs and delays which now make their project no longer financially viable.

Presales required by banks for financing are very hard to secure outside of the most favoured suburbs, and the newspapers abound now with stories of failing developers and people losing their savings. There is worse to come.

2. Rising incomes

Returning to a comment I made above, the second factor which will act to catch house prices as they fall is rising household incomes. I discussed this a few weeks ago but a reminder might be needed for those still focusing only on house price changes since the pandemic started.

Average house prices are 26% higher than pre-pandemic levels. But average hourly earnings have increased by 8.6% in the past year and 3.6% the year before, making for a 14% gain from before the pandemic.

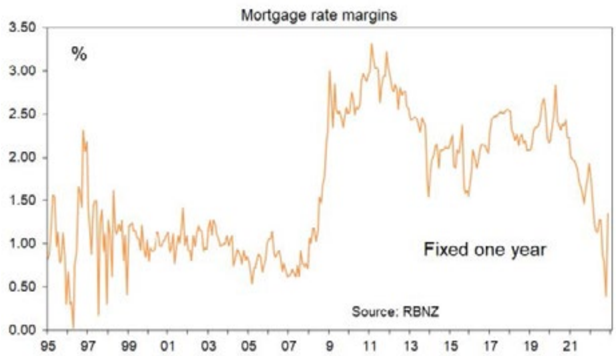
The ratio of house prices to this income measure was 30% above pre-pandemic levels at the end of last year. Now the gap is only 8% and falling fast. We may be able to say that by the end of this year this ratio will have retreated back to pre-pandemic levels.

This does not mean affordability is back to those levels because of the rise in interest rates. But that is where the third underlying trend factor relevant to the house price cycle comes into play. Interest rates.

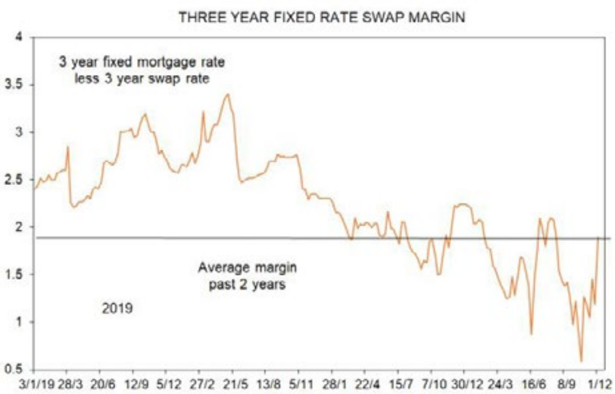
3. Peaking interest rates

Fixed mortgage rates are probably now at their cyclical peaks This may not be accepted for a while, and we cannot completely rule out banks increasing their lending margins further. This next graph shows the margin between the cost to a bank of borrowing money at a one year fixed rate and the rate they lend to you and I fixed for one year. Note how the margin is only just below the two year average.

Of course, who is to say that the two year average margin is the most relevant? The margin since 1995 has averaged slightly higher at 1.65% but was about 1% from 1995 to 2007.



The graph mainly just tells us that pressure on banks to raise the one year fixed mortgage rate to rebuild margin has substantially dissipated now. This graph shows the three year fixed rate margin.



The attention people have on interest rates for the moment is all around how much higher they will go. Then it will shift to where they peak, then how quickly they will fall. I reckon the fall will be slow because the recession – if one occurs – will be shallow. But my view that fixed rates have now probably peaked means the next shift in focus will be to accepting the worst case scenario for debt servicing costs. As soon as people start doing that and we throw in some mild consideration of rates declining over 2023, buyers will step forward.

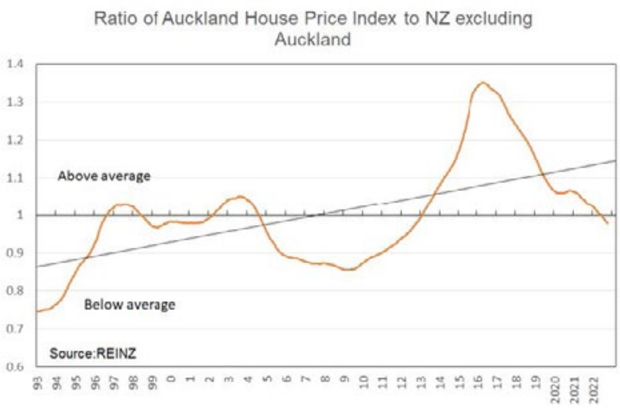
Best guess for this to happen? Before the end of the March quarter. But do keep in mind that no-one has developed a record for good interest rate forecasting for a long time here in New Zealand and overseas.

4. Rising net immigration

The migration flows into New Zealand are turning upward faster than any of us were assuming and I note that last week one commentator was predicting a net gain a year from now of about 36,000 people. The latest flow is a net loss of just over 8,000.

Migrants go where migrants have gone and that means discussions of Auckland's 1.2% population shrinkage in the past two years will switch over 2023 towards the city being the main beneficiary of the strengthening gross inflow of people. The gross outflow in contrast will be sourced from all over the country.

There is no established tendency for Auckland's housing market to lead the country. But in a long-term relative pricing sense, the city is actually set to do so in the recovery part of the cycle.



5. House supply

At some stage next year attention will turn towards the pricing implications of a substantial falling away of dwelling consent numbers and the already large gap between consent issuance and the much smaller level of code of compliance certificate issuance.

Until then talk will focus on perceptions of an over-supply in Auckland, incorrect as that may be given the backlog of young buyers and the backstop of Homes & Communities building up the state housing stock on a distributed basis.

6. Property listings

I discuss this factor on the following page in Tview Premium. Suffice to say, the stock of property listings is now falling and is 6.6% off its peak in August. At some stage next year people will wonder if the long-term downward trend in the stock of properties listed for sale is re-establishing itself. (Yes.)

7. Change in government

The government's attempt to prevent future parliaments from unwinding their legislation shows they are shifting to a view that they will lose next year's general election. That means there will probably be a loosening of fiscal policy in the May 2023 Budget and that is one reason the decline in interest rates from the second half of next year will be a gradual affair. Having said that, don't be surprised if 3-5 year fixed rates start falling much earlier than that.

Anticipation of the return of National and restoration to property investors of the same legal right accorded to all other businesses – deducting interest expenses from gross incomes for tax purposes – will see investors re-enter the market. They will also move in once they accept interest rates are headed lower.

None of us have models giving accurate predictions of house price movements. The best we can do is try to figure out where the important factors are trending and get a feel for how the psychology of the market is changing.

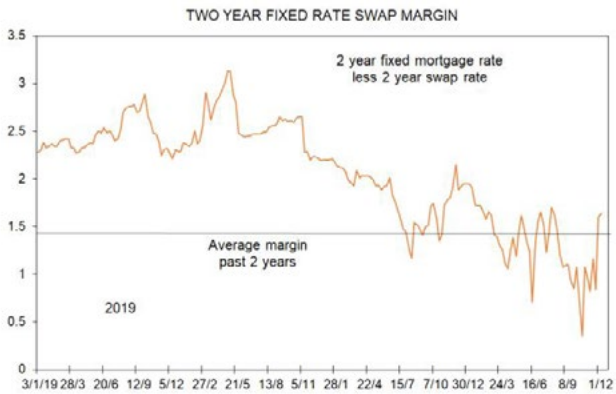
For the moment that psychology is negative courtesy of the Reserve Bank's scary words and rate rise two weeks ago. But the negative sentiment will pass, and I would expect the larger investors with good cash reserves built up after selling their crap last year to now be actively looking to capitalise on the pessimism and make some good long-term purchases. For first home buyers this may be their best opportunity in a generation to secure a good home to raise their family in – as long as they can get the finance.

These conditions of good listings, increasingly compliant vendors, and minimal competition from investors will dissipate through 2023.

If I were a borrower, what would I do?

In this week's Tview Premium I run through a list of reasons why current fixed mortgage rates are probably the peaks for this cycle. Suffice to say, the chances are growing that the Reserve Bank has over-cooked policy restraint after keeping things too easy last year.

Bank margins are now at above average levels so internal pressure to hit customers some more is minor. Offshore inflation is easing, NZ business and consumer confidence is newly falling, the NZ dollar is rising, and the labour market is weakening.



If I were borrowing anew at the moment or rolling off an older fixed rate, I would be inclined to fix just for one year – two years at most.

To see the interest rates currently charged by major lenders go to www.mortgages.co.nz

Nothing I write here or anywhere else in this publication is intended to be personal advice. You should discuss your financing options with a professional.

Measuring your greenhouse gas emissions

The New Zealand government's first emissions reduction plan released this year has the goal of contributing to global efforts to limit temperature rise to 1.5 °C above pre-industrial levels.

According to the Ministry for the Environment which released the plan, the science (and increasingly our own experience of severe floods, droughts, fires and storms) tells us that taking action on climate change is of paramount urgency and utmost importance.

Aotearoa was one of the first countries in the world to refer to the goal of limiting global warming to 1.5 °C in primary legislation. This temperature goal drives long-term targets, which are in turn broken down into a series of successive emissions budgets (2022-2025, 2026-2030, 2031-2035), or stepping stones, along the way. The Climate Change Response Act 2002 also requires Aotearoa to prepare for, and adapt to, the effects of climate change. The actions to reduce emissions can help New Zealand to build resilience to climate risk. Ensuring these actions do not increase our exposure to climate change means we are able to transition to a low-emissions and resilient economy.

The 2022 emissions reduction plan is the first statutory plan, under the Climate Change Response Act, to require the Government to act to reduce emissions right across the economy and support all New Zealanders to make the most of the transition and seize the opportunity to lower the cost of living and improve living standards.

Measuring an organisation's emissions is the first step in the journey to reducing emissions. Developing and implementing a reduction plan is the next important step, says the Ministry for the Environment.

The ministry has published a guide to measuring emissions and refrigerants have a special section devoted wholly to the issue of refrigerant gases.

In 2019, emissions from the fluorinated gases (F-gases) sector made up 2 per cent of Aotearoa New Zealand's total gross greenhouse gas emissions. Hydrofluorocarbons, (HFCs) as a subset of F-gases, are believed to contribute significantly to global warming despite being emitted in relatively low quantities. This is due to their predicted impact on global warming (as indicated by their Global Warming Potential – GWP).

The GWPs of F-gases can be thousands of times greater than carbon dioxide, says the Ministry for the Environment guide. The government has committed to cold storage sector sub-targets, with a signal of the force of law behind their actions.

Greenhouse gas (GHG) emissions from HFCs are associated with unintentional leaks and spills from refrigeration units, air conditioners and heat pumps. Quantities of HFCs in a GHG inventory may be small, but HFCs have very high GWP so emissions from this source may be material.

Also, emissions associated with this sector have grown significantly as they replace ozone-depleting chemicals such as chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs).

The list of refrigerant gases is continuously evolving with technology and scientific knowledge. Emissions from HFCs are determined by estimating refrigerant equipment leakage and multiplying the leaked amount by the GWP of that refrigerant.

If you consider it likely that emissions from refrigerant equipment and leakage are a significant proportion of your total emissions (ie, greater than 5 per cent), include them in your GHG inventory, says the ministry. You may need to carry out a preliminary screening test to determine if this is a material source. If the reporting organisation owns or controls the refrigeration units, emissions from refrigeration are direct (Scope 1). If the organisation leases the unit, associated emissions should be reported under indirect (Scope 3) emissions.

Case Study

Chiller unit: During the 2020 calendar year, a service technician confirmed a refrigerant top-up of 6 kg of HFC-134a in December 2020. The technician also confirmed that when last serviced at the end of December 2019, no top-ups were needed. So, we assume the 6 kg of gas was lost during calendar year 2020.

The AR4 (IPCC Fourth Assessment Report) says that the GWP of HFC-134a = 1430. So, for the 2020 inventory, the greenhouse gas emissions can be calculated as: 6 kg HFC-134a × 1430 = 8580 kg CO2-e (carbon dioxide equivalent).

The government says that as the impacts of climate change increase, there will be a growing demand for effective cooling and storage options that enable food, vaccines and vital supply chains to remain accessible and functional. The governmnet confirms that is critical that its policies to reduce F-gas emissions do not have adverse effects on this infrastructure.

The best way to reduce these emissions is to phase out F-gas refrigerants and, where necessary, replace them with low-GWP refrigerants, says the ministry. Policies in other fields will not displace the need for refrigerants entirely.

The Ministry for the Environment report says “It is important to signal the move away from F-gas refrigerants early and keep stakeholders informed. This will signal the transformation that will occur and reduce potential market volatility. The proposals under consideration will also improve the ability of the heating and cooling sector to adapt by ensuring alternative and safe disposal pathways for refrigerants (eg, through product stewardship); ensuring that there are educational resources and training to improve the handling of refrigerants at an application’s end of life;

enacting legislative changes to facilitate an equitable transition away from F-gas refrigerants.

Measuring emissions: A guide for orgnaisations. Ministry for the Environment.

https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2022-quick-guide/

https://environment.govt.nz/publications/measuring-emissions-a-guide-for-organisations-2022-detailed-guide/

Government subsidy for refrigerants?

Address from Dr Megan Woods at the 2022 NZCSA Conference

The government is likely to subsidise local manufacturers of refrigerants to lower their carbon footprint. This was the message of Dr Megan Woods, Minister of Energy and Resources, in addresing the annual conference of the Cold Storage Association.

The minister said one of the government's biggest hitters when it comes to decarbonising industry is the co-investment through GIDI - the Government Investment in Decarbonising Industry fund.

"Under the first iteration of the GIDI fund, 53 major industrial decarbonisations projects shared nearly $69 million of co-funding. This is expected to deliver 7.4 million tonnes of CO2 abatement over their lifetimes that's equivalent to taking 134,800 cars off the road.

"In Budget 2022, we committed a further $650 million dollars over four years to decarbonise industry, including an expanded scope of the GIDI fund.

"Further down the line GIDI will likely target electric motors, water heating and space heating - and may assist some local manufacturers with using refrigerants with lower global warming potentials (GWP) to help them remain competitive."

The minister said that some parts of GIDI *"are still in design."*

To date, the minister said, cold storage is one area that the government hadn't specifically targeted with co-funding in part due to the lower direct abatement when compared with other areas of industry. The government did not have any regulation in place for the type of commercial refrigeration equipment represented by the Cold Storage Association.

"That means, right now, your main opportunity is in energy efficiency which is without a doubt, the cheapest and most impactful way for you to decarbonise."

The minister acknowledged the importance to the cold storage industry of supply chains, logistics, and the globalised world, and it was exrtemely relevant what the government doing to prepare for a low-emissions future, including the potential for the cold storage sector.

"Given our geographical location and the significance of our primary sector, the cold storage sector is vital to our economy.

“And we know that energy use from commercial refrigeration continues to grow – in 2017 it was projected

that, because of population growth and growing consumer demand, commercial refrigeration would grow 40% across the trans-Tasman region by 2035.

“Decarbonising will mean seeking out energy efficiencies, adopting new technologies, making the switch to renewables.

“In the cold storage sector I absolutely see the challenges you face as demand for cold storage grows and shifts – in line with interrupted supply chain dynamics, changes in consumer demand and other buying patterns, and new products entering the market.”

While recognising that the industry had many competing demands on resources, including capital, expertise, and attention, the minister said despite the barriers faced, action was vital.

“With our status quo, that is many businesses still targeting net carbon zero by 2030 or 2050, we will quite simply not meet our climate targets.

“And the view shared across economic commentators is that the later action occurs, the more costly it is not just for those businesses, but for the whole economy.

“As a priority, for the cold storage sector, we want to encourage immediate energy efficiency actions - in how you are set up and operate and what equipment you are using.”

The performance of the energy and industry sectors affected the competitiveness of businesses and the cost and quality of many goods and services. Industry accounted for around 11 per cent of real gross domestic product and employed 9 per cent of the workforce, and decarbonising these sectors was vital.

In 2019, emissions from the energy and industry sectors made up 27 per cent of New Zealand’s gross emissions.

The government’s Emissions Reduction Plan released this year is a landmark blueprint that sets the course to net-zero carbon emissions by 2050 in three stages, the minister said.

“As part of this, by the end of 2024, the government will develop an action plan for decarbonising industry, helping existing industries to decarbonise, and supporting innovative low-emissions industries to grow.”

Workforce shortage solution?

A new way of looking at temporary work and temporary workers might help with the current skills shortage.

This is part of the outlook in a recent report of a survey of temporary workers, Shaping the Future of Non-Permanent Work in Aotearoa New Zealand. It was produced by Accordant, a leading recruitment and resourcing group, and the only staffing provider listed on the NZX, and was delivered with support from the Westpac NZ Government Innovation Fund.

In the context of COVID-19, the changes that workers across Aotearoa New Zealand have experienced have often been born out of a combination of necessity, strategy and inspiration. As the "war for talent" continues, both employers and employees seek new ways of working that support more flexibility and adaptability in the workplace, says the report.

Temporary work can play an important role in supporting existing teams, lifting productivity and delivering outcomes for employers. When the challenges of the current employment market are also considered, these ideas and initiatives become an even more compelling proposition, says the report.

The survey report quotes Statistics New Zealand's new measure of underutilisation of the labour force which gives a broader measure of untapped capacity in our labour market.

It reflects people who:

- do not have a job, but are available to work and are actively seeking employment – unemployed;
- are employed part time (fewer than 30 hours a week) and who both want and are available to increase the number of hours they work – underemployed;
- want a job and are available to work, but are not currently looking for a job – available potential jobseeker.

The purpose of the new statistic is to reflect not only the total lack of work as measured by unemployment, but also other insufficiencies in the volume of work.

For the September 2022 quarter, the unemployment rate was 3.3% or 97,000 people, while for the same quarter the underutilisation rate was 9% or 273,000 people.

Today it is widely accepted that the underutilisation rate can be equally as important as the unemployment rate, especially when looking at the possibilities open to employers to grow their talent pools.

The Accordant survey's aim was to expand understanding of the temporary work experience, including how the experience could be improved for employees and how organisations could maximise the benefits.

"We surveyed temporary workers about the views they believed their colleagues and managers held regarding temporary workers in the workplace.

- Over half of respondents (51%) thought that temporary workers were viewed as delivering the same or higher value to the organisation as permanent workers.
- 46% felt they were seen as being there to deliver a range of work, with an additional 24% believing they were viewed as there to provide much needed skills and expertise.
- A significant 53% believed they were viewed as having a positive impact on team culture.
- 43% believed they were regarded as being engaged to a moderate level, occasionally adding fresh ideas, and 34% believed that they were viewed as being fully engaged and often adding fresh ideas and insights."

Almost three quarters (72%) of workers surveyed have recommended non-permanent work to their friends or family.

This uplift in the popularity of non-permanent work signals that options such as unbundling tasks and sharing a worker can reliably be explored, according to the report.

Unbundling Tasks

Sharing a worker with another department within an organisation offers a viable solution to some of the talent shortages faced by employers.

The concept of unbundling a job fundamentally involves separating the job into smaller, more specific tasks. These tasks are then "unbundled" and they are given to people who focus on those specific tasks. The concept is already happening within seven of the hiring stakeholders surveyed for the report.

Unbundling tasks can offer benefits for the organisation and the worker, including flexibility, mobility, fewer barriers to entry, enhanced productivity and quicker access to work.

Barriers to unbundling tasks included the perceived time and resources it takes to onboard people completing unbundled tasks, getting new staff timely access to IT systems and tech gear, training, reviewing work outcomes and performance, verifying hours worked and timesheets, and ensuring consistency of delivery.

Reframing some of these long-held beliefs and looking at technology solutions to streamline and standardise the processes offer ways to address several of these perceived barriers.

Benefits associated with unbundling tasks, identified amongst the hiring stakeholders surveyed, included different people bring different skill sets, accessing the right skill level for the job more easily, the potential to achieve more productivity and deliver better outcomes through more targeted task allocation and faster task completion (undertaking the tasks sequentially, as opposed to concurrently, can take more time).

Much of the commentary about the future of work in New Zealand takes the standpoint that a permanent, full-time job and a traditional, linear career pathway is the ideal to strive for – or it tends to spotlight the gig economy, the survey report says. This focus can limit innovative solutions and hold back an organisation's progress.

There is still some way to go before the majority of New Zealanders embrace a broader future of work concepts such as unbundled tasks, and the unbundling of jobs and skills, the report concludes. However, there are a growing number of people and organisations who see the potential it offers and are ready to take the next step and explore new ways of designing the way they work.

Tuatara Structures Editorial

Tuatara Structures are market leaders in the design and construction of commercial and industrial buildings. Whilst a relatively young company, they are known for delivering robust, fit-for-purpose buildings across wider New Zealand and their turnkey design-build solutions are ideal for cool stores, packhouses, food processing, and other storage type facilities.

As a company, they are disrupting the old-school tender and bid delivery system where you find out the total project cost after the project has been fully engineered and drawn. Their strategy and determination to provide clients with a streamlined build process has produced impressive results since entering the market.

As part of their commitment to client satisfaction, Tuatara offers clients a complimentary, obligation-free feasibility study complete with full concept drawings & a detailed project specification. This process involves meeting to discuss the project needs, overall budget, and unique operations and product flow, and potential locations.

Following this consultation, clients are presented with a set of site-specific tailored concept drawings, a detailed project specification, and a fixed-price investment proposal for consideration. These documents are essential elements in the Tuatara process, providing clients with absolute budget certainty. They can also help secure lending approval and board-level sign-off when required.

With projects being developed across different industries, Tuatara understands the time constraints of production-based businesses. Their experience in meeting seasonal deadlines means they know that business operations cannot be affected by construction delays. The unique swing-leg roof lift technique used allows for faster, safer, and more cost-effective construction than the industry standard. This not only ensures a build is delivered on time, and is safer but helps with meeting project budgets.

Tuatara has worked with a wide range of clients in the agri-business and cold storage space. They are in the final stages of building a 1,800m2 deep freeze coldstore in Christchurch which will be tenanted by French Bakery and are in the final weeks of construction on a 3,500+m2 integrated cool store, packing area, and dispatch office for Southern Fruits International, the packing and marketing division of Deep Creek Fruits in Tarras.

Work was also recently completed on a 2,700m2 cool store extension for Hume Pack-N-Cool in Katikati. This cool store was an addition to their existing premises and was completed in an operational environment, in the middle of a pandemic, on time and within budget.

For more information or to chat about your cold storage needs, contact Ryley Drake at 027 550 3930 or ryley.drake@tuatarastructures.com

TUATARA STRUCTURES

COLDFACTS
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New NZCSA members

NZCSA are pleased to welcome the following new members to the Association.

- Name