

HOW TO RECRUIT STAFF IN A TIGHT LABOUR MARKET

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ABSTRACT

This paper outlines the five key steps that we implemented to successfully recruit staff in a tight labour market in the Tauranga 3 Waters Maintenance Contract. These steps are transferable to any team trying to grow and demonstrate the importance of a strong culture and a people-focused approach rather than simply trying to pay higher wages.

When I joined the Downer Tauranga 3 Waters Maintenance Contract in 2018, the local labour market was saturated with a high volume of construction projects. This made it difficult to recruit staff into the maintenance contract. Construction projects are usually delivered over a shorter time frame than a maintenance contract; therefore, they can increase their rates to meet the labour market increases. Maintenance contracts are traditionally longer-term, have tighter margins, lower labour rates and less favourable working conditions. The current New Zealand labour market is becoming even tighter with the post-COVID government's 'shovel ready projects', further extenuating the situation where more work is available than labour to deliver it.

With the Downer Tauranga 3 Waters Team in a challenging position, we struggled to keep up with the maintenance work due to a low staff retention rate. Our staff were fatigued and nearing breaking point. A new leadership team implemented five key steps to turn the water team around to resolve this challenge.

1. **Set a Vision** – We aimed to over-deliver, and the concept inspired a positive direction for the team to buy-in.
2. **Recruit Good People** – We stopped trying to recruit qualified experts. We targeted good people who were honest, reliable and wanted a career, and then we trained them how to do the job.
3. **Create Career Pathways** – If we were going to hire career-minded people, we needed to invest in our team's capabilities and create staff development and progression opportunities.
4. **Support the Team** – Creating a support network for the team, we had the experience in the trenches with them when it mattered and available when needed.
5. **Family Culture** – Rewarded successes, cared for our staff outside of work and arranged events for the team to socially bond together.

By implementing these five key steps, we increased the water team from 8 to 21 staff, increasing our completed jobs and revenue by 30% from the previous contract high. The increase in work volume and team size required additional supervision, training, plant, equipment and vehicles. We decreased overtime and on-call requirements, maintained the previous margin and improved the service level KPI performance.

The innovation of these five steps is that we embraced our difference in the labour market. Rather than trying to compete with the rising labour rates for a small pool of resources, we provided an opportunity for new people to join our industry, giving them the training and support they needed to succeed, which has provided greater resilience in the Tauranga labour market for the future.

KEYWORDS

Recruitment, Culture, People focused approach

PRESENTER PROFILE

I have more than 10 years of experience in project and contract management in the construction industry, starting on the tools as an electrician.

My advancement from Field Coordinator, Resource Manager, Project Manager and Contract Manager has led to my current position managing the Downer Bay of Plenty Water Division.

Over the past three years, I have gained valuable experience in terms of business, staff management and leadership whilst attaining a more comprehensive understanding of the 3 Waters network and systems.

I started as the Tauranga 3 Waters Maintenance Contract Manager in 2018. During this time, I have sustainably grown the staff numbers and revenue by 40%, implemented a new capital works construction division, negated industrial action and delivered a \$4 million emergency project as Project Manager of the Taupo Lakefront Emergency Repair. In 2020, Downer re-secured providing Tauranga's 3 Waters services for a further ten years. The new contract scope was expanded to include the Western Bay of Plenty District's 3 Waters assets.

I have acquired extensive leadership and management experience throughout my career, combined with key technical knowledge in a wide spectrum of engineering operations, risk management, and critical asset maintenance projects.

My role in infrastructure has evolved from building tangible things, electrical substations, and powerlines to building high-performing teams, developing processes and establishing a positive culture in my current role as Contract Manager.

INTRODUCTION

This paper outlines the five key steps we implemented on the Tauranga 3 Waters Maintenance Contract to recruit staff and successfully build a growing team. We

achieved our objectives within a tight labour market without fueling the market by fighting for the same resources and paying higher and higher wages.

BACKGROUND

Downer has held the 3 Waters Maintenance Contract for Tauranga City Council for eight years, first mobilising the contract in 2013. The contract scope comprises maintenance and 24/7 reactive fault response for the water, stormwater and wastewater network and the mechanical and electrical services for water and wastewater treatment plants and pump stations.

Serving 140,000 people across Tauranga

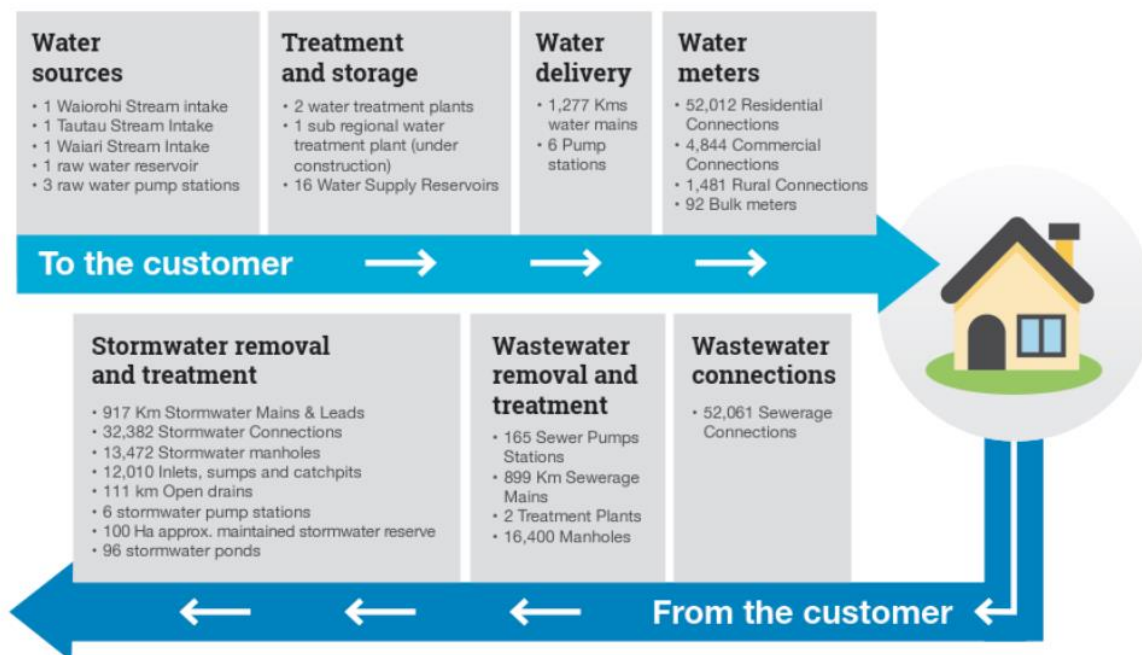


Figure 1: This diagram shows the Tauranga City Council 3 Waters Network and Assets

When I joined the Downer Tauranga 3 Waters team in 2018, they were in a challenging position. Staff retention rates were low, and we struggled to deliver the quantity of maintenance work. The staff were fatigued and nearing breaking point. The total contract had 38 staff, and the water services team had 8. The client (Tauranga City Council) invited me to a crisis meeting regarding the water team in my first week. I was informed that our wages were too low and we were about to lose more staff in the coming weeks. Downer had posted numerous job ads in the previous 12 months and the preceding five years. There had been little to no interest and a lack of suitably qualified applicants. The retention rate dropping to 70% further compounded this, which means that 30% of the staff left the contract per year.

A construction boom in the Bay of Plenty put pressure on the local labour market due to construction projects saturating the region. This pressure made competing for staff to recruit into our maintenance contract difficult. With construction

projects delivered over a shorter time when compared to a maintenance contract, they can raise their wage rates to better meet labour market increases. Maintenance services are traditionally delivered over a longer-term, have tighter margins, lower labour rates and less favourable working conditions. The current New Zealand labour market is becoming even tighter with the post-COVID government's 'shovel ready projects', further extenuating the situation where more work is available than labour to deliver it.

Construction in New Zealand started to undergo a 'boom' phase before 2015, demonstrated in the employment statistics below. As mentioned, with more people employed in construction, the more opportunities there are for qualified and unqualified staff to leave their current jobs for more pay and, in our case, more consistent work hours.

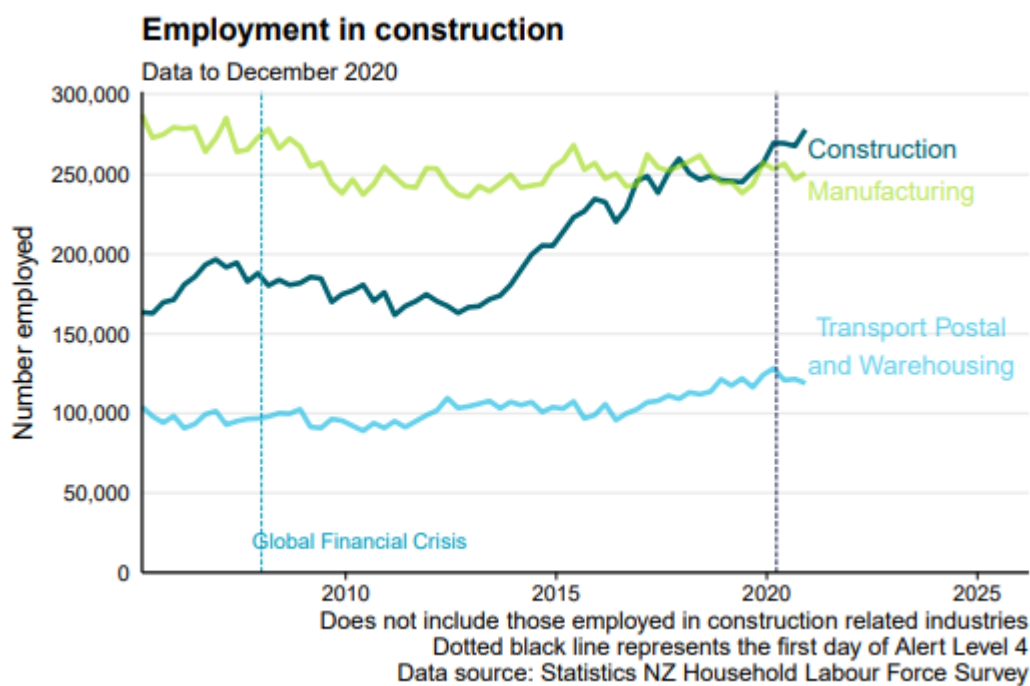


Figure 2: This graph shows the increase in construction labour workers from 2013 to 2020, corresponding with the start of the TCC 3 Waters Maintenance contract for Downer.

THE STEPS

In reflection of the process we went through, we implemented the five key steps to grow our team, improve our culture, and better deliver the contract.



Figure 3: This graphic shows the steps we followed, the vision in the middle being the core principals, the rest lead on from each other and addressing challenges that the previous slice created. Finally, once we had completed the circle, we had qualified external candidates wanting to join us, completing our circle of transformation.

1. SET A VISION

At my first monthly toolbox meeting as the Water Contract Manager, I was asked to introduce myself to the Downer Tauranga Depot.

I took the opportunity to outline my vision for the Tauranga Water Contract team and the wider Downer Tauranga staff. The principal behind our vision was not to try to complete 100% of the contract and be happy with 90%. We want to aim for 120% and smash past 100%. This inspired a positive direction for team buy-in towards our vision and provided us a criterion to apply when addressing problems or assessing opportunities against.



Figure 4: An example of me presenting at a Downer Tauranga Depot Toolbox Meeting.

Our vision included three main goals for the contract:

Goal 1 - Double our revenue in 3 years

I was tasked to grow the contract. To achieve this, we needed to increase our overall resources and maximise the client's available works by aiming to deliver more than the contract requirements. We needed to develop new teams to deliver services for the new revenue streams.

Goal 2 - Employees proud to work for Downer

I felt that our team were working hard for the council and the community but did not feel valued by their employer. To change this, we planned to increase the training and development of existing staff, provide a clear career pathway and reward and recognise high performance and good work

Goal 3 - Become Industry Leaders

Our contract was in a state where we were under-delivering in all areas. Rather than settling for the status quo, we wanted to challenge how we were operating. This required us to trial new processes and improvements, learn from our mistakes and empower our workforce to work smarter.

2. RECRUIT GOOD PEOPLE

We implemented a recruitment strategy where we hired good people rather than those already qualified from within the water industry, which was in limited availability. We targeted people who were hardworking, honest, and looking for a career. This allowed us to fill the team with people keen to learn. They were paired up with the senior servicemen and were trained on the job to work at a high level of quality, safety and efficiency. This approach allowed us to fill the team with people who were keen to learn and wanted to work hard to build a career.

We also tried to recruit from different labour markets rather than the traditional advertisement on recruitment sites such as Seek. We engaged with our staff and interviewed their children, friends, and friends of friends. Because of our common vision for the path forward, we trusted that our team understood the personalities and work ethic that we were looking for.

Downer also had a recruitment drive in 2018 for workers from the Philippines. We leveraged this and secured three workers with construction plumbing experience. This was also beneficial in maintaining our skilled to unskilled ratios in the field.

We contacted the three largest labour-hire companies, AWF, Onestaff and Adecco, who worked in our area, sharing our vision with them and asking them to put forward candidates that best fit our new approach. This was successful as it reached a wide range of the career market and complemented the other vacant roles advertised on our behalf.

Downer has several corporate social outcomes programs, and we made use of these where possible to support the recruitment of the team and support the team when they started with us.

Downer Basic Civils: This programme introduces the infrastructure sector, helping Work and Income clients find employment opportunities in their local communities around New Zealand. The Downer Basic programme is a five-day course where participants gain the following training, skills and qualifications: Health and Safety introduction, Spotter training, Level 1 Basic Traffic Control, Construct Safe certificate, light vehicle training, enrolment in the National Certificate in Water or Infrastructure works, communication and personal skills.

Apprenticeship Programme: Our apprenticeship programme for water services revolves around the NZ Certificate in Pipeline Construction and Maintenance Level 4. We had a good uptake of this opportunity within our local Three Waters team, with nine enrolled and another four to five to start on the next intake. This established programme is 70% workplace learning, 20% coaching and mentoring, and 10% structured learning programmes and courses. NZ industry training organisations support our programme.

In Work Success: Downer understands numerous challenges that can cause barriers to ongoing employment. These include literacy and numeracy, financial issues, health (including mental health), family/ whanau, drugs, and alcohol. Through this initiative, a Programme Coordinator connects employees with outside support and help and provides ongoing monitoring for the employee.

Whakatipu Tētēkura: This programme aims to recruit and develop Māori school leavers, providing future employment opportunities with technical training to gain a recognised qualification. It is aligned with the broader government objectives of rangatahi (young people), growing their skills to become future leaders. With a specific focus on school to workplace transition, the programme provides participants with personal development through ongoing In-Work Success support for the first 12 months. There is also a focus on sustaining continued employment specifically for Māori youth (16-24) at risk of becoming NEETs (Not in Employment, Education or Training).

Te Ara Whanake - Māori Leadership Programme: This is a well-established programme that supports to upskill and empower Māori into leadership roles at any level of our business. Māori Leadership graduates have become programme ambassadors as role models and mentors for other Māori employees. Downer has an 86% retention rate of the completed Māori Leadership programme employees, which is higher than the overall company retention rate. Two employees from Tauranga completed this programme. Wastewater/Stormwater Manager Monique Brown completed it in 2016, and Water Serviceperson Bill Mathews completed it in 2019. Downer has won three awards for this programme: The 2016 Diversity New Zealand Emerging Diversity and Inclusion Initiative Award; 2018, HRINZ Corporate Social Responsibility Award, and in 2019, Downer won the Deloitte Top 200 Diversity & Inclusion Leadership Award.

Case Study: Nelson Prasad, Downer Basic Civils Graduate. In 2018, Nelson enrolled in our Christchurch Basic Civils programme coming from a background in sales. After completing the five-day course, Nelson was informed of an opportunity to join our Tauranga Water team as a labourer.

“I came to Tauranga, really not knowing much about water or water maintenance. Dylan and the guys took me under their wing and opened my eyes to the industry and the opportunities available to build a future and career.”

Now completing his second year on the Tauranga Three Waters Contract, Nelson is an Apprentice Water Serviceperson and is about to complete his Certificate in Infrastructure Works Level 2.

“I am grateful for what Downer and the Basic Civils Programme has given me. The experience I’ve gained, and the teammates I work with have definitely changed my life.”



Figure 5: Nelson performing a backflow test in Tauriko

3. SUPPORT THE TEAM

Due to recruiting a higher number of unskilled staff, we had to ensure that necessary support resources were available. Our new team members were paired up with senior servicemen and mentored and trained on the job to work at a high level of quality, safety and efficiency.

To assist our Tauranga team with the maintenance backlog and support training of the new staff, we had four qualified Water Servicemen from our Auckland Water team assist for six weeks. This demonstrated an extensive help and support network to the team, providing a light at the end of the tunnel. We could also permanently recruit two of these members into our team.

We also promoted within the leadership team to provide the experience in the trenches with the team when it mattered and be available when needed. For example:

- Our Water Manager attended all of the major call-outs to provide support to the field staff
- The Supervisors spent more time in the field and were relieved from administrative duties in the office
- The supervisors and manager implemented a technical support after-hours roster, letting the on-call staff call day or night for support.

We found that the time pressure of the reactive maintenance work to complete the jobs quickly and move on to the next was not an effective training environment for new starters. The reactive maintenance work primarily deals with repairing water leaks, shutting down water mains, and reloading them at the completion of the works. In the high-paced reactive scenario, we found that the labourer or trainee would dig the hole, rest then backfill the hole while the tradesman completes the technical work.

To help with this, we split the planned and reactive water team to allow new staff a better learning environment. The planned works team completed Backflow Testing and maintenance, Hydrant painting, CBD and Citywide flushing programs, and a valve surveying program. This gave us the ability to take on planned works without impacting the reactive delivery.

This type of work also allowed for a better learning environment for the new starters to learn how to work in Downer's health and safety system and the time for them to try out the tasks themselves. The trainee needs the opportunity to do the work themselves and not have the pressure of the water or power supply being off to customers.

We also invested heavily in the required tools and equipment for the job. We set the tool lists required for each trade and brought each vehicle up to the same level. This helped the trainees by teaching them how to use the right tool for the task, ensured each tradesmen vehicle was set up consistently, and created efficiencies for all staff to complete the work safely and quickly.

4. CREATE CAREER PATHWAYS

When hiring career-minded people, you also need to provide them with formal training and career progression opportunities.

The Downer National Water Collective Agreement set out a clear apprenticeship pathway from G1 through to G4. The pay aligned to this grading structure, with the living wage as a grade 1 and clear pay minimums per subsequent grade. Each grade outlined key competencies, which allowed the employee to know what they were in for, how long it could take and what they needed to do to progress.

This coincided with formal training opportunities. The water industry was hampered by the delays and changes to the Pipeline Construction Training from Cert 3 to Civil trade Cert 4. This was a challenge as we promised staff to get them on this programme and subsequently start their careers. However, we did not let that stop the training progression of our team. We focused on the core competency training and the Downer internal health & safety training to keep the team moving forward. For example, concrete saw, confined space, working at heights, STMS, Class 2 licences, and Backflow Downer critical risk and Permit to Work training.

We also leveraged the internal Downer training opportunities for staff and sent people on the Te Atawhanaki (Maori Leadership training – Bill Mathews, Daymon Smith), Downer Inspiring Leadership training (ILP, Greg Steele, Leslie Cunningham, Monique Brown, Dylan Rooney)

Splitting the water team into two separate teams for reactive and planned maintenance allowed us to internally promote the new supervisor and leadership roles, providing new career pathways and opportunities for staff. The cascading effect of this opportunity went all the way to the trainees who had room to progress into their own vehicle and gain on-call responsibilities etc.

As we continue to grow and expand our capabilities, we are evolving. With the team getting bigger, we are introducing Leading Hand roles that provide further development opportunities. Supervisors are to manage 8-12 staff. When their team reaches numbers greater than 12, a leading hand role is created to manage

4-6 staff whilst still working in the field. This approach has provided the structure to enable sustainable growth.

5. FAMILY CULTURE

With a new diverse team, it was vital that they received ongoing technical support. We continually promoted a team culture to ensure they looked out for themselves and their teammates.

To do this, we complemented our technical support by also assisting our people outside of their work environment. For example, we assisted our Philippines recruits in finding rental homes, and we arranged social events outside of work to help the team gel.

Within the work environment, we also ensured we recognised and rewarded successes. On my first day as Contract Manager, I asked a few field staff what they thought would help the team. They said we used to do pizza in the park now and then. We brought this back and used it to discuss recent achievements and hand out awards and certificates.

We also shared contract successes with the team during toolbox meetings. This was achieved by presenting our contract KPI results for the month, our health and safety performance, and the customer feedback statistics. When we received a customer compliment, we made them into certificates and handed them out at the toolbox meetings or park lunches.

By developing and maintaining a strong team culture, we received an enthusiastic response from our team when additional help was needed at the weekend or late at night. The water maintenance team went from struggling and having no work-life balance to one that was thriving and committed to delivering a quality service. This created a culture within the team that resonated within the local industry, resulting in qualified staff contacting us for a job rather than actively recruiting these staff through traditional means.

THE RESULTS

By implementing these five key steps, we increased the water team from 8 to 21 staff and our Tauranga based water division from 32 to 56 between July 2018 to July 2021. Subsequently, we have taken on our past learnings and experience into the new Tauranga City, and Western Bay combined contract to grow our team to 91 staff in our Tauranga water division.

INCREASE IN STAFF NUMBERS

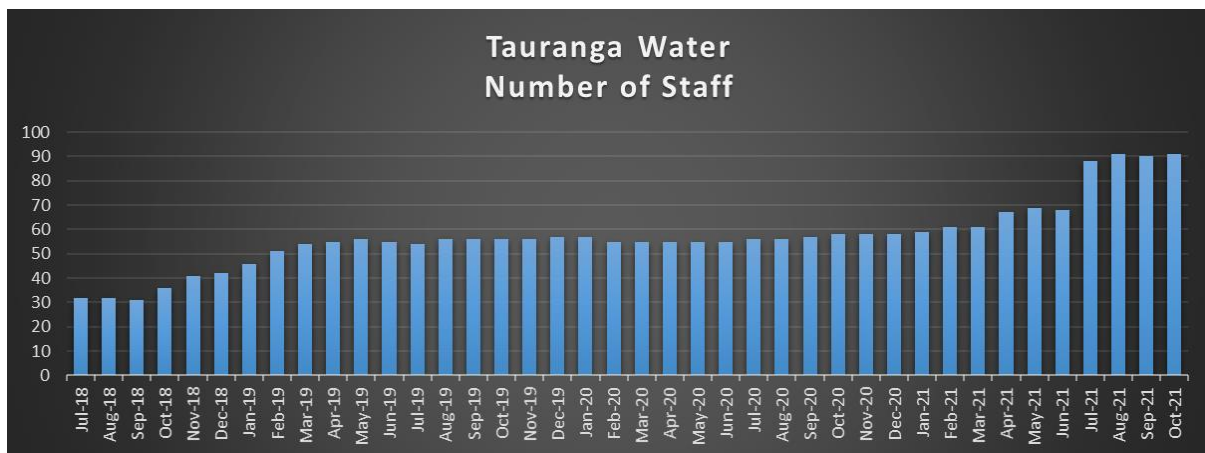


Figure 6: The monthly staff numbers on the contract from July 2018 to October 2021

The increase in staff gave us the capacity to increase the completed jobs by 30% in the final 2020/21 year from the previous contract high in 2017/2018. This was also a 48% increase in the water team alone.

INCREASE IN COMPLETED WORK

FiscalYearName	Backflow Device	Electrical	Grounds Maintenance	Mechanical	Meter Reading Service	StormWater	WasteWater	Water	Total
2013/2014		147	952	170	2048	12	1100	541	7842
2014/2015		101	701	148	1891	12	828	545	7631
2015/2016		116	954	258	1966	12	787	555	7728
2016/2017		158	763	353	1718	12	1058	670	7701
2017/2018		150	786	493	2099	12	1005	576	7917
2018/2019		178	767	502	2080	12	692	776	8409
2019/2020		283	617	514	2328	12	774	828	9349
2020/2021		472	714	694	2254	21	840	629	10201
2021/2022		28	114	17	165	0	64	87	853
Total		1633	6368	3149	16549	105	7148	5207	67631

Figure 7: The closed work order volume by period and financial year received

INCREASE IN REVENUE

We also had a **28%** increase in 2020/21 (10.6mil) from the previous contract high in 2017/18 (8.3mil). This was with a **64%** increase in the water team alone over the same time period.

The increase revenue was from the additional work completed due to the increasing size of Tauranga City and our ability to complete the all of the contracted planned works. In the 2020 financial year we were forecasting to overspend the budget and therefore diverted our resources to supporting other work streams and private works. This further additional revenue is not included in the totals.

Year	Total Water	Total Revenue
2013	1.3mil	6.1mil
2014	1.5mil	7.0mil
2015	1.5mil	7.4mil
2016	1.6mil	7.6mil
2017	1.4mil	8.3mil
2018	1.8mil	9.1mil
2019	2.5mil	9.6mil
2020	2.3mil	10.6mil

Figure 8: The closed work order dollar value by period and financial year received for the water division and total contract (summarized for commercial sensitivity)

IMPROVED KPI'S

The increase in work volume and team size required increased supervision, training, plant, equipment and vehicles. We improved the service level KPI performance and maintained the previous contract margin while going through this growth stage.

With the additional resourcing we were also better able to deliver the cyclic peaks of the contract. These peaks being the Water job volumes peaking in the summer time and responding to storms in the winter.

Performance is measured by 17 KPIs split into two areas, Management KPIs (6) and Operational KPIs (11), monitored and assessed monthly. We consistently exceeded this target (achieving a total KPI result of >92.5%) and secured all available contract extensions over four years.

Item	Measure	2018 - 2019	2019 - 2020
Customer Service			
Management	Customer Satisfaction	100%	100%
	Customer Service - Public Complaints	83.3%	89.3%
	Customer Response Times - Priority A's & B's:	100%	97.4%
	On site	95%	92.4%
Operations	Customer Response Times - Priority A's & B's:	96.6%	96.4%
	Service Restored	95%	91.4%
	Customer Response Times - Priority A's & B's	100%	99.3%
	Job Complete	98.3%	93.8%
Physical Works			
Operations	Service Restored of Priority C Work Orders	86.1%	91.3%
	Job Complete of Priority C Work Orders	98.3%	99.3%
	Rework	100%	99.8%
	Job Complete of Priority D Work Orders	98.3%	90.7%
Environment			
Management	Environmental Compliance	100%	100%
Claims, Reporting, and Data Integrity			
Management	Monthly / Quarterly Reporting	100%	100%
	Work Order, Data and Claim Process Accuracy	100%	94%
Operations	Meter Reading Data Integrity	58.3%	65.5%

Item	Measure	2018 - 2019	2019 - 2020
Innovation/Value Added			
Management	Innovation Proposals	100%	100%
	TOTALS	97.60%	95.6%
Health, Safety and Quality (Audits)			
	Quality Audits -	97.2%	98.1%
	H&S Audits	97.2%	98.1%

Figure 9: Downer's performance results for the past two years

Year	Total KPI
2014	76%
2015	90%
2016	99%
2017	94%
2018	93%
2019	97%
2020	98%

Figure 10: Total KPI results for first 7 years of the TCC Contract

Figure 10 summarises the KPI performance for the Tauranga Three Waters Maintenance Contract for the first seven years. This demonstrates that the contract has performed to a high level with an overall average of 95%. It also shows that we have learnt along our journey and have used the KPI results to adjust our resources, procedures, and delivery methods to ensure that we are using the KPI results to positively impact the contract performance.

INCREASE IN STAFF RETENTION

Increased staff retention stats from 60% in 2018 up to 90% in 2021.

Figure 11 shows the retention rate across all our water contracts for the past five years and includes our retention rates of the current Tauranga Three Waters contracts as a comparison.

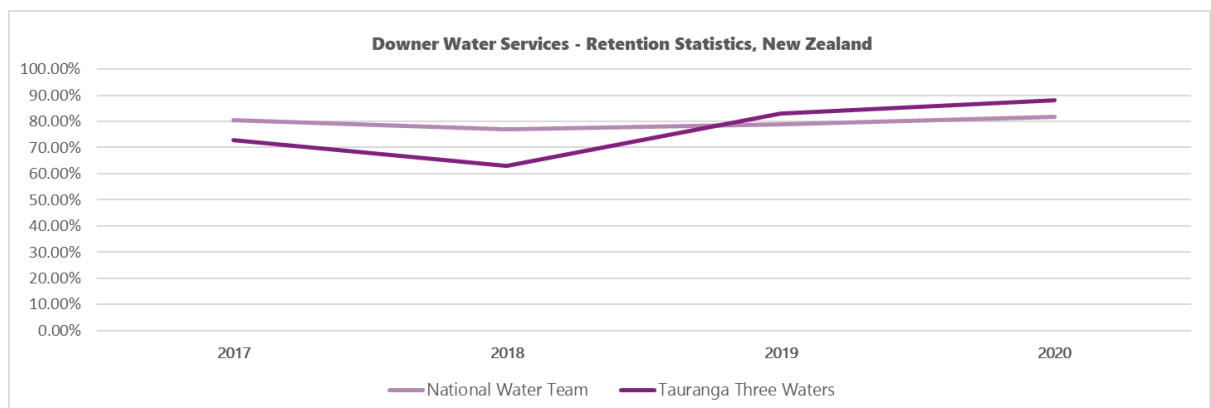


Figure 11: Graph of Tauranga 3 waters staff retention vs the Downer National Water Team average

RE-AWARDED THE CONTRACT

In 2021, the Tauranga City Council maintenance contract was re-awarded, which was expanded to include 3 waters services for the Western Bay District Council. The new contract term is for another 10 years, until 2031.

CONCLUSIONS

Because we recruited untrained staff and invested our time and effort into them, they invested in the job, performing at high levels of quality and safety. The return on investment was an additional 39% of revenue and award of a ten-year maintenance contract 50% larger than the previous 2013-2020 contract.

The team trained and mentored each other, recruited their family and friends, and supported each other with support from our wider business.

The innovation of these five steps is that we embraced our difference in the labour market as a maintenance contract; rather than trying to compete with the rising labour rates for a small pool of resources, we provided an opportunity for new people to join our industry. The industry in Tauranga now has greater workforce resilience and a positive future to sustain the growth of Tauranga City and the Western Bay of Plenty Districts.

ACKNOWLEDGEMENTS

I would like to acknowledge the following people for their help and assistance in preparing this paper, as well as their help and assistance in delivering on the plan.

Remember, "If we are not doing things cool enough to present at the water conference, then we are not doing our jobs right".

Baidan Thomas – Downer Bid Manager, reviewing, coordinating and proofreading of the abstract and the paper.

Leslie Cunningham – Downer Tauranga Water Manager, an integral member of the contract leadership team and delivered on the vision and actions detailed in this paper.

Monique Brown – Downer Tauranga Waste Water Manager, was the sounding board of all the ideas, plans, and assisted in the delivery detailed in the paper.

Sacha Steele – My wife, for putting up with the late nights, highs and lows of being married to someone invested in achieving a vision.

REFERENCES

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