

Connector

News and views from the co-operative.

February 2024

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60 YEARS

Celebrating 60 Years of our
NZPM co-operative



Chair's update

To all of our co-operative members — Happy New Year. I hope that you all had a relaxing time over the Christmas and New Year break with family and friends.

2024 is significant for the NZPM Co-operative, as we reach 60 years since its formation. In his CEO report, Rob provides more detail on our plans for the celebration, culminating in the Annual Meeting in Wellington in August. The team are also in the detailed planning stages of the Pearlers of Port Douglas overseas trip being held in May, where more than 200 delegates are joining us. I look forward to spending time with you all at both events.

At our January board meeting, the directors received an update on the Microsoft Dynamics 365 computer system implementation. As you know, the Board has engaged the services of an independent technology advisor who specialises in these types of projects, and is providing excellent support to both the Board and the management

team. The directors are very comfortable that the team are doing all the right things and being extremely thorough. This will ensure that the system is fully tested before we go live, and we absolutely will not "Press Go" until we are confident that we are ready.

At the meeting we also received a presentation from the Category Management team on both our back-of-wall and front-of-wall products. The Category Management team lead the strategic approach to product procurement for NZPM, including a focus on current ranges and categories, product and price performance, margin management, new product development, product life cycle management, supplier relationships, along with environment and sustainability considerations.

We discussed market trends and opportunities, both in our current offering and adjacent products. We also spent time talking through growth aspirations and opportunities for our own brand products. It is a continual challenge to establish and maintain a product mix that delivers good margins to the co-operative and ensures that the business remains relevant to trade and retail customers. The Category Management team are doing a great job. They have a deep knowledge of the market we operate in and continue to pursue opportunities for adjacent and new products. A number of options are well through the analysis stage.

In this edition is an article from our 2023/2024 Future Governance Programme appointee, Joel Eddington. This is the first time that we have extended the programme term to two years, and we are delighted to have Joel on board. As you will hear from Joel, he is gaining significant value from his exposure to the business and the combined years of governance experience of our directors.

Finally, as we enter the last quarter of the financial year, we continue to navigate our way through the ongoing challenges of the market. As you would expect, our focus is working with our customers to secure profitable sales and appropriately manage our costs. Despite the current market challenges, we remain appreciative of our shareholders and customers who help ensure the co-operative remains in good heart

and tracking in line with our expectations. I must acknowledge our staff who are working incredibly hard to provide the best possible service to our shareholders and customers every day.

Kind Regards,
Kathy Meads
NZPM Chair



CEO update

Happy New Year and welcome to 2024 everyone.

In 1964 ...

- The Beatles toured NZ;
- Hollywood actor Russell Crowe was born in Wellington;
- The Lyttelton to Christchurch Road tunnel opened;
- Peter Snell won double gold at the Tokyo Olympics; and
- NZPM was born!

That's right, 60 years ago a bunch of forward-thinking plumbers got together to form the NZPM Co-operative and throughout 2024 we will be celebrating this wonderful milestone with a range of activities, initiatives and promotions.

NZPM has been providing returns to our shareholders, supporting the industry and our communities along with providing career opportunities for staff of NZPM, Metrix and Plumbing World for 60 years.

A 60-year celebration is also known as a 'diamond jubilee', and we want all our shareholders and staff to enjoy these celebrations as we embark on a great year ahead.

We have renamed the Plumbing World Trade Deals 'Diamond Deals' for 2024 with lots of great offers throughout the year so I encourage you to look out for these.

During February we will be hosting a "simple" start to the year 60-year function at each of our branches for shareholders and staff to enjoy so please look out for the event information for your branch.

As the year unfolds, we will keep you informed of the other activities we have planned, including a special celebratory Annual Meeting in Wellington in August.

As you would expect, we will also be working hard during the year to ensure the continued success of our co-operative. One part of this is changing our computer technology platform to Microsoft Dynamics 365.

We are approximately halfway through the testing phases of the project and all going to plan we are working towards piloting and going live with the new technology platform during the middle part of this calendar year.

As we get closer to go-live we will communicate with you what you can expect during this transitional period, noting as previously communicated, the Dynamics 365 project implementation is being undertaken in a progressive and carefully controlled manner.

Accordingly, we don't expect that our customers will be impacted at an operational level, except where the various customer facing components deliver the benefits of smoother and more frictionless transacting.

Secondly, we will continue to work hard during the year to provide you the products and service you require for your business to be successful. On that note, I wish to thank you for your continued support of our great co-operative and we look forward to working with you as we build on the 60-year strong platform that has been established to deliver sustainable shareholder value for the next 60 years as well.

Regards,
Rob Kidd
NZPM CEO



Director's point of view

In today's rapidly evolving technological landscape, the plumbing industry stands to benefit significantly from the integration of artificial intelligence (AI). From administrative tasks to enhancing productivity and ensuring quality control, AI presents a plethora of opportunities for plumbing businesses to streamline operations and deliver exceptional services.

Administrative tasks often consume valuable time and resources within plumbing businesses. AI-powered solutions can automate various administrative processes, including appointment scheduling, inventory management, and customer service. By implementing AI-driven chatbots, plumbing businesses can provide real-time assistance to customers, answer queries, and even schedule appointments seamlessly. Moreover, AI algorithms can analyse data to forecast demand, optimise inventory levels, and improve supply chain management, ultimately enhancing operational efficiency.

Productivity is paramount in the plumbing industry, where timely response and efficient service delivery are critical. AI can revolutionise

productivity by optimising work-flows, predictive maintenance, and route optimisation. For instance, predictive maintenance algorithms can analyse equipment data to anticipate potential breakdowns, enabling proactive repairs and minimising downtime. Additionally, AI-powered routing systems can optimise technician schedules, ensuring timely arrivals and maximising service efficiency.

Maintaining high standards of quality is non-negotiable in the plumbing industry. AI technology can play a pivotal role in ensuring quality control by detecting potential issues before they escalate. Machine learning algorithms can analyse data from sensors and IoT devices to identify anomalies in plumbing systems, enabling pre-emptive action to prevent costly damages and ensure customer satisfaction. Furthermore, AI-powered inspection systems can enhance accuracy and efficiency in detecting leaks, identifying faulty components, and assessing overall system performance.

In conclusion, the integration of AI in the plumbing industry offers unprecedented opportunities to drive administrative efficiency, boost productivity, and enhance quality control. By harnessing AI technologies, plumbing businesses can stay ahead of the curve, deliver superior services, and remain competitive in the ever-evolving market landscape.

NB: Up to this point, my article was written entirely by OpenAI's ChatGPT, using only basic prompts, in approximately 1 minute. Not that I wanted the easy way out of writing my article! But I'm sure you will agree — it is amazing how quickly AI is advancing.

The next challenge for us all is how to develop practical, efficient and effective methods of incorporating this new technology into our businesses to leverage the benefits of this opportunity.

Kind Regards,
Peter Faul
NZPM Director

Trust Tax Rate Change

The Government has proposed that from the 2024/25 income year, the tax rate applying to trustee income will increase to 39% to align with the top personal tax rate.

Inland Revenue has released some guidance to provide some early signals of go/no-go moves in response to the change in rate. In short, you can make sensible decisions, but don't do artificial and contrived things in order to avoid the new higher rate.

<https://www.taxtechnical.ird.govt.nz/general-articles/2024/ga-24-01>

With the new tax rate being substantially different from some personal tax rates and the company tax rate, now is a great time to contact your tax adviser to work through any opportunities to manage your tax position before the changes at the end of March.

Brett Cruickshank
NZPM CFO



Future Governance Programme

I was recently selected as the 2023/24 Future Governance Appointee for the NZPM Co-operative. I am in the first year of a potential two-year term. This is a role I feel truly honoured to receive.

As someone who has spent most of my career on the operations side of a plumbing company, the transition to a high-level governance role has been nothing short of a transformative journey. The past few months, marked by three board meetings and an intensive strategy day, have underscored the vital importance of effective corporate governance in steering the ship (NZPM Co-operative) towards success.

Embracing this new role, I quickly realised that the skills demanded at the board level differ significantly from those in the day-to-day operations of a company. Moving from the nuts and bolts of plumbing to the intricate workings of governance has been a steep learning curve. Prior to changing direction to train as a plumber and gasfitter and ultimately buying my own

plumbing business, I obtained a degree in Business Studies from the Auckland University of Technology. Because of this, I was fortunate to have a solid working knowledge of financial matters prior to joining the programme, and this has really helped me get up to speed quickly with the content of the board papers. One key aspect of my journey has been the encouragement and support extended by the board and senior management. I have been urged to undertake Institute of Directors Governance courses. These courses have proven to be instrumental in providing me with the necessary tools and fundamental base knowledge to understand the complexities of the boardroom.

From what I have witnessed so far, I note that the skills required for good corporate governance include an understanding of the company operations and industry as a whole. This enables informed decision-making. In addition, effective communication is key — Directors need to be good listeners and be able to articulate their views well when contributing to board discussions. My observation of the NZPM Board is that diverse perspectives are always valued.

My journey from the operations side of a plumbing company to a governance role has been enlightening. The support I've received, coupled with my commitment to continuous learning, has equipped me to contribute to the board in a meaningful way.

I would strongly encourage any NZPM Shareholders who believe they would get value from this programme to work on their skills through personal development such as the courses offered by the Institute of Directors and apply for future positions.

Joel Eddington
Future Governance Programme Appointee

Shareholder loyalty



John F Glover



Mark Alan Jordan



GG Don Ltd

Social Responsibility

The Long Run

Plumbing World entered a team in The Long Run joining the Crusaders and many others raising much needed funds for the Child Cancer Foundation. Thousands of individuals alongside a huge contingent of commercial teams participated in carrying a baton non-stop for 12 hours to complete the challenge. The Long Run raised over \$125,000, surpassing their goal and doubling last years efforts!



Jen McArthur



Glenys and Mike Smith



Matthew Freeman and Hayden Beals

Foodbank appeal

During December the Palmerston North Support Office once again did their Christmas donation of goodies to the Salvation Army for their annual Foodbank Appeal. A selection of non-perishable food and Christmas gifts were kindly donated by the support staff. Other branches throughout the country did the same.



Young Plumber of the Year 2024

The Plumbing World Young Plumber of the Year competition is the leading industry event for NZ Young Plumbers. These series of events celebrate our young industry members, showcase industry excellence, build industry camaraderie and highlight the contribution our valued suppliers and service providers make to the New Zealand plumbing industry.

Entries open 1st March instore and online at youngplumbersclub.co.nz. You can follow us on [Facebook](#) and [Instagram](#) to keep up to date. @youngplumbersclubnz

In 2024, we are excited to launch our new Young Plumber of the Year logo that will start to be rolled out across our branch network in 2024.

Our existing YPOTY logo has been around since the beginning of the competition in 2017 and our redesign was a much needed refresh supporting our competition as we evolve.



60 Year Shareholder Reflection

Wharfe Bros. Ltd.

In 1964, we were in the market looking for a new merchant and the team at NZ Plumbers Merchants approached us with the offer of being part of a co-operative, a business that was owned by and working for the plumbers. This was very different to anything else at the time.

The vision and being part of a NZ owned company where we could have a voice equally was the key reason for us joining, and why we are still part of the co-operative to this day.

Several highlights jump out over the years of shareholding. As a business we have enjoyed all the perks (events, training, MaxPoints) but getting something back for spending with PW (Co-operative Dividend) is the biggest reward and has helped us over the years.

Most memorable are the Shareholder trips, especially those that happened in the 80's and 90's. The experience was on another level with highlights being a boat trip in Perth on the river where we visited a prison and everyone had to dress up like prisoners. That was an experience that was hard to top, something you will never experience on your own.

NZPM's support of our businesses and industry is second to none. Firstly, having a local branch where we have a good relationship with the staff, people that were always willing to go the extra mile for us when required is something you cannot put a value on.

The YPOTY competition seems to be a valuable contribution to the careers of our young industry members. It's great to see so many young plumbers choosing to make a career in our industry. It's so good to see them focus on something beyond the normal scope and get some experience with new product, building their industry network and skill set. Also, the prize pool for them is fantastic!

We enjoy reading the Connector when that comes out. The information in here is valuable and keeps us well informed.

The Wharfe Brothers team find the Pukekohe PW branch staff and management very easy to deal with. They are always happy and willing to help and that can make all the difference to our team. We love the branch BBQs and other events that we are invited to and there is a really good culture within the group.

Congratulations to NZPM on making 60 years from the Wharfe Brothers Team — we've been here since the beginning and look forward to many years of trade ahead.



Wharfe Bros. Ltd. directors, Rod Eden and Graeme Wharfe.

