



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI



Briefing for Incoming Minister for Building and Construction

November 2020



MBIE Karakia

Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi,
kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

TIHEI MAURI ORA

TRANSLATION:

Retain and hold fast to your mana, be bold, be brave

We turn our attention to the future, that's where the opportunities lie

By working together we will flourish and achieve greatness

Taking responsibility to commit to doing things right

TIHEI MAURI ORA

MĀIA
BOLD & BRAVE

**PAE
KAHURANGI**
BUILD OUR FUTURE

MAHI TAHI
BETTER TOGETHER

**PONO
ME TE TIKA**
OWN IT

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1. Portfolio overview

Responsibility

1. Portfolio responsibilities related to the building and construction sector include:
 - setting the performance requirements for buildings and building products
 - setting the direction for the building regulators to design and implement the building regulatory system
 - overseeing the administration of the appropriations within Vote Building and Construction
 - making appointments to a number of statutory boards, and
 - delivering the Construction Sector Accord, including the Construction Skills Strategy.

Department

2. The Ministry of Business, Innovation and Employment (MBIE) provides the administrative support for this portfolio. MBIE is the lead policy advisor to government on the building regulatory system. It is responsible for advice on legislation and regulations, including the Building Code.¹ MBIE also undertakes a number of regulatory roles in the building system. Within MBIE, the Building, Resources and Markets Group (the Building System Performance branch), the Te Whakatairanga Service Delivery Group,² and the Labour, Science and Enterprise Group support you in your portfolio responsibilities.

Vote Building and Construction and appropriations

3. The Minister for Building and Construction, the Minister for Greater Christchurch Regeneration, and the Minister of Housing are responsible for the appropriations in Vote Building and Construction. Building and construction portfolio expenditure is largely third-party funded through levies and fees.

Legislation (Public Act)

4. The Portfolio is responsible for the following legislation:
 - Building Act 2004
 - Chartered Professional Engineers of New Zealand Act 2002
 - Construction Contracts Act 2002
 - Engineering Associates Act 1961
 - Plumbers, Gasfitters, and Drainlayers Act 2006
 - Registered Architects Act 2005
 - Weathertight Homes Resolution Services Act 2006
 - Electricity Act 1992 (provisions relating to registration of electrical workers only)

¹ The Building Code is contained in the Building Regulations 1992.

² The group is to replace the current Market Services Group from 16 November 2020.

2. Introduction to the building and construction sector

5. The building and construction sector is made up of the institutions and markets involved in the building, construction and maintenance of infrastructure³, and commercial and residential property in New Zealand. The sector covers:
- direct service providers (designers, architects, engineers, builders, plumbers, gasfitters, drainlayers and electricians) and product suppliers
 - financial institutions (banks and insurance companies)
 - research agencies (Building Research Association of New Zealand, universities)
 - regulatory partners (regulatory boards and building consent authorities)
 - quality assurance and compliance organisations (conformity assessment bodies and product certification bodies)
 - residential and commercial building developers
 - owners and users of infrastructure and other buildings.

The building and construction sector is important from an economic, social and environmental perspective

The building and construction sector is a large part of New Zealand's economy

6. The building and construction sector is New Zealand's fourth largest employer. As of June 2020, the sector employs about 259,000 people and accounts for just under 10 per cent of the country's workforce.
7. The sector contributed to \$16.19 billion (in 2009/2010 prices) to New Zealand's gross domestic product (GDP) in the year ended June 2020. This is around six per cent of the total GDP.⁴ According to an estimate conducted by PricewaterhouseCoopers in 2016, every \$1 invested in the building and construction sector produces between \$2.51 and \$3.11 in economic activity.⁵
8. The 2019 National Construction Pipeline Report (based on pre-COVID-19 information) forecast moderate sustained growth for the sector. The impact of the COVID-19 pandemic is likely to have a long and slow impact on the sector (rather than a short and sharp impact). Some of the impacts initially projected to occur (such as a sharp drop off in consenting activity) have not occurred in practice, and rather other impacts are likely to start to take effect (such as constrained supply chains).
9. The 2020 National Construction Pipeline Report is currently being prepared. This report will provide more detailed projections and insights into the future state of the sector.

³ The portfolio of building and construction concerns building and related 'vertical infrastructure', but not the horizontal infrastructure such as water, sewerage, roads and land use etc.

⁴ Stats NZ Household labour force survey: June 2020 quarter.

⁵ PricewaterhouseCoopers, 'Valuing the role of construction in the New Zealand economy', September 2016.

The building and construction sector plays a critical role in delivering social outcomes

10. The sector contributes to the social outcomes, such as health, education, security and social cohesion.
- First, it has an important role in delivering the government's commitments to building more urgently needed houses for New Zealanders.
 - Second, the safety, health and wellbeing of all New Zealanders depends on the performance of the buildings they use. The recent tragedy at Grenfell Tower in London, as well as the Canterbury and Kaikōura earthquakes, is a sobering reminder of the importance of ensuring buildings perform well.
 - Third, housing is considered an important issue for children's well-being internationally. Housing quality has direct impact on children's health, security and education. Numerous reports and research conducted on housing in relation to child poverty in New Zealand emphasise the importance of housing pathways as a means to alleviate child poverty.⁶

The building and construction sector plays a role in the environmental outcomes

11. The building and construction sector determines the built environment that provides the settings for human activity. As part of the whole-of-government vehicle for adapting to climate change risks, it also has an important role to play in the whole-of-government greenhouse gas emissions reduction plan. Sector initiatives under the plan will look at how to provide economic recovery stimulus as well as climate change outcomes.

The Sector faces historical and new challenges

12. While the sustained growth of the sector before the COVID-19 has provided significant opportunity for the building and construction sector, the sector has been strained due to a range of historic challenges. Without change, the building sector will not be able to meet the demand of New Zealanders. COVID-19 poses new challenges to the sector that need immediate support to retain resilience and to recover from the pandemic.

Key historical challenges

13. Key historical challenges facing the sector include low productivity, poor performance in health and safety, workforce challenges in capacity and capability, inefficient processes, and a low uptake of innovation. These challenges have been linked to many characteristics of the sector that have been restraining the performance of the sector.
14. First, the sector is still largely following the traditional commercial model and practice in delivering service, involving multiple layer subcontractors working on site. Despite a rise in project complexity and the associated risks of numerous new international products and design processes, the construction sector lags behind most others in terms of technological uptake. There are commonly expressed concerns about the efficiency of the building consenting process. These often limit the opportunities for innovation and efficiency through large-scale projects.

⁶ Mengzhu Fu, *Children and Housing Literature Review*, 2015

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15. Second, the sector comprises largely small businesses and individual contractors, engaged in fragmented contracting arrangements, working on small scale developments. As at February 2019, about 10 per cent of enterprises in construction sector had more than five employees.⁷ Small businesses normally have limited resources in terms of skill development and training for the workforce. They tend to have a higher rate of workforce turnaround and this reduces the average tenure of workers. These characteristics mean high uncertainty for business, reducing their incentives to invest in skills development for the long term.
16. Third, the sector culture is perceived as 'blokey and labouring',⁸ contributing to the poor performance in health and safety. Mental health issue is of particular concern for the workforce in the industry. In 2019, a report 'Suicide in New Zealand's Construction Industry Workforce: Factors Identified in Coronial Reports' outlines some of the pressures on people working in the construction industry⁹. Many work related factors, such as job insecurity or uncertainty, are among these pressures.

COVID-19 challenges and responses

17. COVID-19 has resulted in economic uncertainty and job losses in New Zealand. While it is still too early to precisely estimate the impact of the COVID-19 on the building and construction sector, research found that approximately 200 known construction projects were impacted by COVID at the start of April 2020, with this figure rising to near 500 known projects in August 2020.¹⁰
18. New Zealand's GDP decreased by 12.2 per cent in the June 2020 quarter, compared to the March 2020 quarter. The construction sector contribution fell by 25.8%, which was the third largest contributor to the total GDP decline.¹¹ This was likely driven by the impact of COVID-19 and the implementation of Alert Level 4 lockdown, during which only limited building activity could be undertaken.
19. The majority of the construction workforce were unable to work during Alert Level 4 due to limitations on the number of workers that could be onsite. Specific anecdotal evidence of impact on the industry also exists. For example, in May 2020, Fletcher Building was looking at cutting about 1,000 jobs in New Zealand.¹² In August, Fletcher Building reported a projected loss of \$196 million in the year to June 2020.¹³
20. A range of response and recovery measures were made available to help businesses to retain workers and create new jobs. Support was primarily available in the form of wage subsidies to ensure cashflow. As a result, a total of 56,351 construction businesses and 215,388 construction employees received \$1.48 billion in wage subsidies. This makes the

⁷ Stats NZ New Zealand business demography statistics: At February 2019.

⁸ PWC, 'Valuing the role of construction in the New Zealand economy', September 2016.

⁹ The report was produced by Site Safe NZ and it was funded by the Building Research Levy through Building Research Association of New Zealand.

¹⁰ <https://mkt.pacificon.co.nz/covid-19>.

¹¹ Stats NZ Gross domestic product: June 2020 quarter.

¹² Radio New Zealand, 20 May 2020.

¹³ The Press, 20 August 2020.

construction sector the highest uptake of wage subsidy support as of May 2020, out of all known industries.¹⁴

21. The Construction Sector Accord released the Construction Sector COVID-19 Response Plan in April 2020. The plan is focused on maintaining confidence in the sector, supporting jobs and businesses, and minimising the economic damage from the COVID-19 disruption. The Accord Steering Group are connecting with other agency and industry groups working on the COVID-19 response to ensure advice is complementary and coordinated, aiming at identifying infrastructure projects that are 'ready to go' and helping ensure the regulatory environment supports their immediate start after the shutdown.

The building regulatory system

22. The building regulatory system plays a critical role in addressing the challenges and supporting the sector's ability to deliver.
23. To support the building and construction sector to build safe, healthy and durable buildings, a strengthened regulatory system is crucial in driving the right behaviours so the building system can operate at its optimum level.

Regulatory stewardship expectation

24. Government departments are expected to invest in maintaining the quality of the regulation they are responsible for in a similar way to other key assets which departments are responsible for. Cabinet guidance notes that regulatory stewardship involves taking a long term view to ensure that regulation is fit for purpose in the future. It includes a focus on the practice of regulation as well as policy.
25. MBIE is responsible for a wide range of regulatory systems. The last Performance Improvement Framework Review of MBIE in 2017 identified MBIE's stewardship of its regulatory systems as a key area to focus on to lift the organisation's performance. In response to these expectations, MBIE has developed a programme of work to enhance its stewardship of all its regulatory systems. The work includes more investment in system assurance to provide confidence that systems are working as intended, and more focus on the governance and oversight of each system. MBIE is also developing a programme of periodic assessments of each MBIE regulatory system to help ensure its fitness for purpose.
26. An internal review of the regulatory stewardship practices across the building regulatory system is underway, and due to be completed in December 2020. The review is using MBIE's Regulatory Stewardship Self-Review tool to evaluate the maturity of the system across leadership and culture, design and delivery practices and system performance. The review is expected to inform a work programme that will increase the maturity of these practices across the building regulatory system.

¹⁴ COVID-19 support for businesses dashboard, Ministry of Social Development, 2020. Wellington.

Building for the Future – MBIE’s new strategy for the regulatory system

27. MBIE has developed a new strategy for our regulatory work in the building system to support better buildings for New Zealanders now and into the future.
28. Building for the Future (the Strategy) sets out MBIE’s vision for building regulation over the next 10 to 15 years, and what MBIE needs to do to achieve that future. The Strategy has a focus on wider wellbeing outcomes – social, environmental, economic – and aims to get the system thinking beyond the ‘bricks and mortar’ of design and construction.
29. It focuses on how MBIE’s regulatory role can contribute to addressing some of the big challenges the building system needs to overcome, such as skills shortages, environmental and climate impacts of the construction process, and the slow adoption of new technologies.
30. The Strategy sets out clear and measurable goals and priorities for action to move building regulation in the right direction. The Strategy will become more ambitious and future-oriented over time as it is developed in consultation with others operating across the system and through tracking progress.
31. The Strategy is a living document. It will be reviewed regularly to ensure it remains relevant and creates positive change to the building regulatory system.

The framework and performance of the building regulatory system

32. New Zealand’s current building regulatory system focuses on how a building must perform to the specified standards. To achieve this, the system needs to ensure the industry has skilled and accountable service providers, fit-for-purpose building products, efficient processes and clear and future-focussed performance measures. It also needs to ensure that all the participants’ roles and accountabilities in the building regulatory system are clear.
33. These requirements are reflected in the primary building regulatory framework, the structure of regulatory system participants and roles, and the structured regulatory intervention levers.

The primary building regulatory framework

34. A well-functioning regulatory system requires clear, efficient and flexible performance settings and regulatory processes. In New Zealand, the primary legislation of the building system and the compliance pathways provide the primary building regulatory framework.
35. As shown in Figure 1, the Building Act is the primary legislation that governs the building industry and provides the framework for New Zealand’s Building Code System. The Act protects consumers and provides assurance that buildings are safe and fit-for-purpose.¹⁵ The Building Code regulates building design and construction by describing the minimum performance settings for buildings in terms of objectives, functional requirements and performance requirements.
36. The Building Code regulates all building work in New Zealand. It sets performance standards that all building work must meet, covering aspects such as structural stability, fire safety, access, moisture control, durability, services and facilities. The building code system is

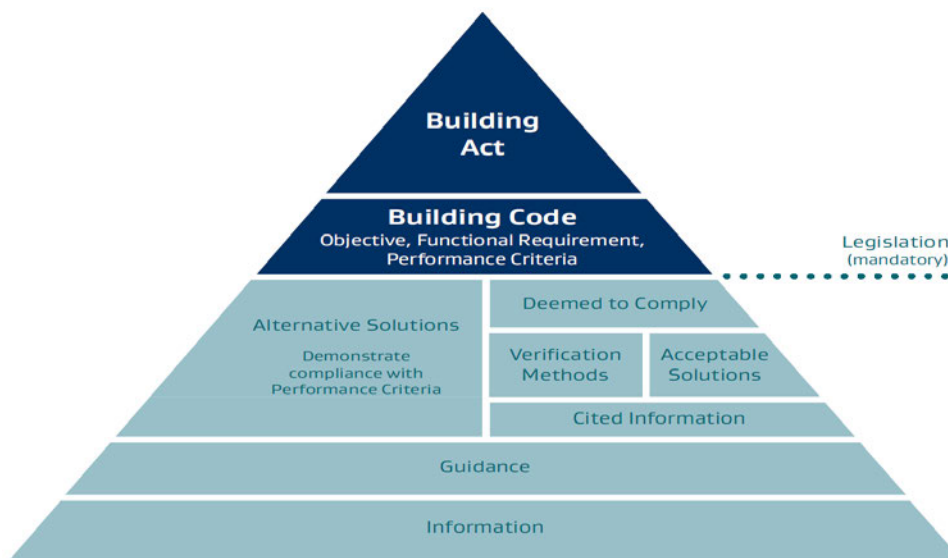
¹⁵ Discussion of other legislation are provided in Section 3 – Portfolio Responsibilities.

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performance-based, allowing innovative building solutions to be developed and used, provided they meet the performance requirements of the Code.

37. To facilitate compliance, the Building Code allows for publication of certain documents that specify design and construction methods that are 'deemed to comply'. These documents include Acceptable Solutions and Verification Methods, and Building Consent Authorities must accept these as establishing compliance with the Building Code. Many Acceptable Solutions and Verification Methods also refer to cited information (such as Standards) that provided technical details where required.
38. Meanwhile, alternative solutions can be relied on to demonstrate compliance with clauses of the Building Code. This is where all, or part, of the building design differs from an Acceptable Solution or Verification Method, and other means are used to show how building work still complies with the Building Code.

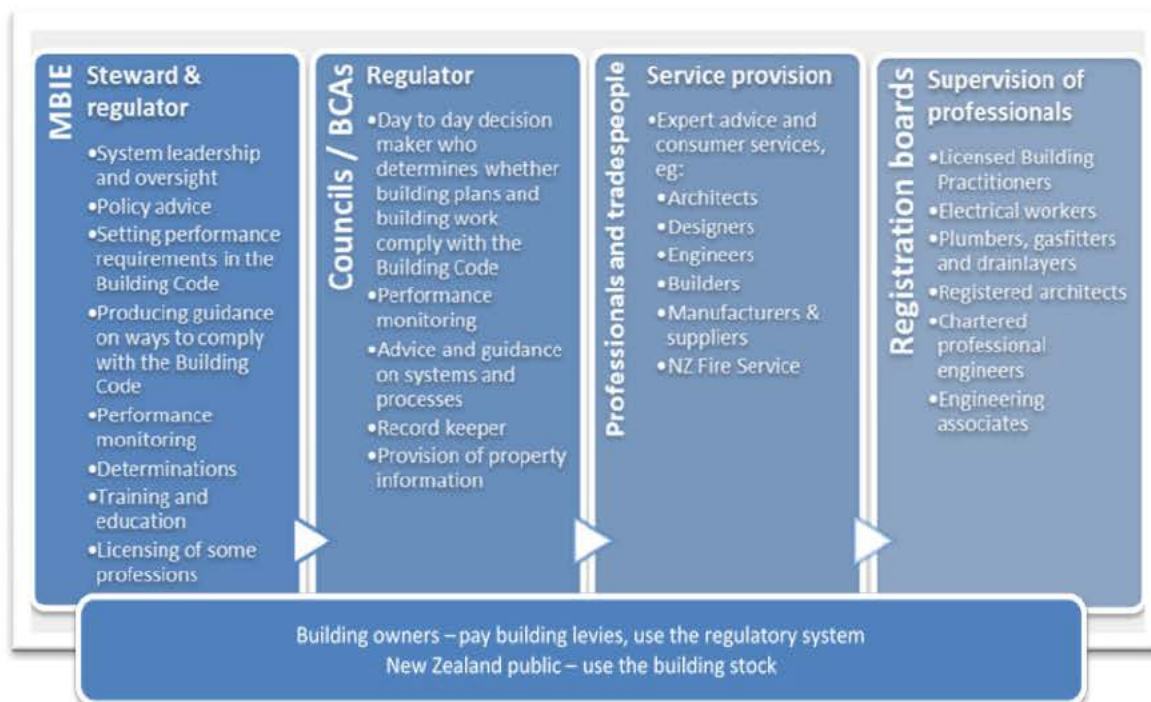
Figure 1: the primary building regulatory system



The structure of regulatory system participants and roles

39. There are a range of participants who play different roles in the building regulatory system. The effectiveness of the building regulatory system relies on MBIE as steward and central regulator, building consenting authorities (BCAs) as co-regulators, and occupational boards to oversee the regulated occupations and the capability and capacity of the workforce.
40. The figure below provides an overview of the different participants and roles in the regulatory system.

Figure 2: overview of the different participants and roles in the regulatory system



Structured regulatory intervention levers

41. Regulatory interventions need to be well targeted to be effective. MBIE uses a 4P framework (people, process, products and performance) to define both the outcome and the regulatory levers available to set standards and influence change in the building regulatory system. The 4P framework covers all the major components in the building system and allows relevant and targeted regulatory interventions to be identified and developed. This is illustrated in Table 1:

Table 1: 4P framework for regulatory system

	Outcome	Regulatory intervention lever
Performance	Good performance includes ensuring buildings are safe and durable; buildings are designed, constructed and able to be used in ways that promote sustainable development; and buildings contribute appropriately to people’s health, physical independence and wellbeing.	Setting clear performance requirements while enabling innovation to ensure the building system performance standards are clear and reasonable, and look to the future.
People	People are participants in and end users of the building system. They include regulators, business owners, the construction workforce, consumers, and others who interact with and affect the building system. People need to be informed, available, skilled, accountable and protected, depending on their roles and responsibilities in the system.	Setting clear rules for construction occupations and requirements of protection for consumers to ensure an available, accountable workforce with the right skills for the industry, and appropriate protection for consumers.

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Processes	Processes refers to the regulatory and commercial processes used to carry out activities in the building system. The effectiveness of the system depends on how well these processes work for system participants.	Using accreditation of regulatory bodies and consumer protection tools to ensure regulatory and commercial processes are risk-based, balanced and efficient.
Products	Products are key inputs to building work, both tangible (building materials) and intangible (digital technologies, research and innovation). Products are central to the safety, durability, costs and environmental impact of buildings.	Setting clear requirements for building products to be reliable, fit-for-purpose and used appropriately. Certification of products ensures they are of good quality. Warning and ban notices ensure that building products and methods comply with the Building Code.

Strengthening the building system through regulation

42. Regulations, along with other levers, are critical tools to strengthen the building system. The following figure provides an overview of how the building system would be strengthened.

Figure 3: Overview of strengthening the building system

OVERVIEW

STRENGTHENING THE BUILDING SYSTEM

BUILDING PERFORMANCE

MBIE is the steward of the building system. We are delivering on a programme of reforms that work together to create high-performing building regulation that supports better buildings for New Zealanders. This document provides an overview of how MBIE's work programme is enabling change.

MBIE'S WORK PROGRAMME TO DELIVER SYSTEM IMPROVEMENTS...

PEOPLE – ensuring there is an available, accountable workforce with the right skills for the industry, and that consumers are protected.

- › Occupational regulation improvements, including Licensed Building Practitioners regime and Engineers regime
- › Improving retentions regime to protect sub-contractors' financial interests
- › Construction Skills Strategy
- › Considering risk and liability

PERFORMANCE – ensuring building performance settings are clear and reasonable, and look to the future.

- › Building Code Delivery Framework
- › Building system regulatory strategy
- › Building for Climate Change
- › Improving the safety of dams

PRODUCTS – ensuring building products are reliable, fit-for purpose and used appropriately, and contribute to safe, healthy and durable buildings.

- › Building product information requirements
- › Strengthening CodeMark scheme

PROCESSES – ensuring regulatory and commercial processes, including consenting, are balanced, efficient and cost-effective.

- › Modern Methods of Construction
- › New building consent exemptions
- › CodeMark – signifies approved products comply with Building Code
- › MultiProof – 10 working day consent timeframe for approved designs

... IS BEING DELIVERED THROUGH A RANGE OF LEVERS ...

LEGISLATION

Amendments to Building Act and Schedules
Improvements to Construction Contracts Act

STEWARDSHIP

Broadening the use of the Building Levy
Administering CodeMark and MultiProof
Accrediting Building Consent Authorities (BCAs)

REGULATION

Annual New Zealand Building Code updates
Strengthening occupational regulation regimes
Establishing a regulatory framework for dam safety

PARTNERSHIP

Construction Sector Accord and Transformation Plan
BCAs' work to improve consenting (e.g. collaboration, online systems)

... AND WILL RESULT IN STRENGTHENED OUTCOMES FOR THE BUILDING SYSTEM

- › Safe, healthy and durable buildings.
- › All participants in the scheme are confident in their roles and have the capability to fulfil them.
- › More streamlined, consistent and cost-effective consenting system.
- › Skilled construction workforce and resilient, productive construction firms.
- › Fair outcomes and the right people being held to account when things go wrong.
- › Reduced carbon emissions from the building and construction sector.

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New Zealand Government

3. Portfolio responsibilities

43. As the Minister for Building and Construction, your portfolio responsibilities are mainly related to the building and construction sector as specified in the Overview section above. Some of them are further discussed in this section and some of them in other sections concerning how MBIE assists you and major work programmes.

Legislation within your portfolio responsibilities

44. You have responsibilities for ensuring the following public acts to effectively deliver the government's priorities and policies.

Table 2: list of legislation in the Building and Construction Portfolio

The Building Act 2004

is the primary legislation that governs the building industry in New Zealand and provides the framework for New Zealand's Building Code system.

It provides for the regulation of building work, the establishment of the Licensed Building Practitioner scheme and performance standards for buildings – in particular, standards related to health, safety, escape from fire and sustainability. It has specific provisions for earthquake-prone buildings.

It provides regulatory responsibilities and accreditation framework in relation to a range of organisations.

It promotes the accountability of owners, designers, builders and building consent authorities who have responsibilities for ensuring building work complies with the Building Code.

The Building Act also establishes the Building Practitioners Board (see Annex 2) to oversee the licensing scheme for building practitioners – including hearing appeals against licensing decisions made by the Registrar of the Licensed Building Practitioners, hearing complaints about the conduct of Licensed Building Practitioners and approving the Licensed Building Practitioner rules.

The Chartered Professional Engineers of New Zealand Act 2002

establishes a registration framework and a mark of quality for 'chartered professional engineers'.

It requires those registered to meet minimum standards, a code of ethics and sets out a complaints and disciplinary process.

It provides for a registration authority to manage the applications and assessments process.

The Act also establishes the Chartered Professional Engineers Council (see Annex 2) to approve minimum standards, hear appeals from decisions of ENZ and report to the Minister on the registration authority's performance.

The Construction Contracts Act 2002

facilitates regular and timely payments between parties to a construction contract, as well as set out remedies for the recovery of payments.

It also regulates retention money and sets out an adjudication process for resolving disputes under construction contracts.

The Engineering Associates Act 1961

establishes a registration framework for engineering associates (such as engineering technicians and technologists) and stipulates the training and experience an engineering associate must have.

It also establishes the Engineering Associates Registration Board (see Annex 2) to carry out functions relating to registration and complaints and disciplinary processes.

The Plumbers, Gasfitters, and Drainlayers Act 2006

establishes a licensing regime for those who carry out plumbing, gasfitting and drainlaying services and ensures their competency to protect public health and safety.

It also establishes the Plumbers, Gasfitters and Drainlayers Board (see Annex 2) to carry out functions relating to registration, licensing, professional competency and complaints and disciplinary processes.

The Registered Architects Act 2005

establishes a registration framework and protects the title of 'registered architects' for those who meet the minimum standards to be registered.

It requires a code of ethics and a complaints and disciplinary process to apply to registered architects.

It also establishes the New Zealand Registered Architects Board (see Annex 2) to carry out functions relating to registration, the code of ethics and the complaints and disciplinary process.

Part 10 and 11 of the Electricity Act 1992

sets out the registration and licensing framework of electrical workers and the minimum standards they must meet.

It also establishes the Electrical Workers Registration Board (see Annex 2) to carry out functions relating to registration and licensing electrical workers and disciplinary proceedings.

The Weathertight Homes Resolution Services Act 2006

establishes the Weathertight Homes Tribunal to provide access to a speedy, flexible and cost-effective process for assessing and resolving leaky building claims.

It also provides a Crown financial assistance package to qualifying claimants to facilitate leaky building repairs.

Statutory boards

45. You are responsible for appointing members for six statutory occupational boards. These boards play a vital role in managing regulatory assurance for the building and construction industry, and ensuring the competence of workers in the industry. They include:

- the Building Practitioners Board
- the Engineering Associates Registration Board
- the Plumbers, Gasfitters and Drainlayers Board
- the New Zealand Registered Architects Board
- the Electrical Workers Registration Board
- the Chartered Professional Engineers Council.

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- 46. Appointments were made to all of the six statutory boards in August 2020. In 2021, you will need to commence the appointment process for another six board members across the Building and Practitioners Board and the Plumbers, Gasfitters and Drainlayers Board. (Refer to Annex 2 for further information).
- 47. Over the upcoming months six Annual Reports will need to be tabled in the House of Representatives. MBIE will review these reports and will prepare the briefings and documents to accompany and advise you on them.

Building and Construction expenditure

- 48. You are responsible for building and construction expenditure of around \$69.86 million per year within Vote Building and Construction. Annex 1 provides a breakdown of Building and Construction expenditure.
- 49. A considerable portion of building expenditure is funded by the building levy. This is a levy that is collected on all building work in excess of \$20,444 and is forecast to be \$26m in the 2020/21 financial year. The levy collected can only be used to fulfil the Chief Executive’s functions under the Building Act. It is estimated that expenditure of \$38m in 2020/21 will be funded by the levy. The shortfall will be provided for from the levy surplus.
- 50. A building levy surplus has resulted in a Building Controls Memorandum Account balance of \$56.3m as at July 2020. Memorandum accounts are required to trend to a zero balance over time. To reduce the memorandum account, the Building (Levy) Regulations 2019 came into force on 10 January 2020. The regulations reduce the levy rate from \$2.01 to \$1.75 per \$1,000 of estimated building value. The new levy system applies to building consents granted on or after 1 July 2020, and will support the memorandum account to trend to a zero balance by the 2022/23 financial year.
- 51. Portions of the occupational licensing work are funded through practitioner fees. These fees include \$6.05m in forecast licensed building practitioner fees and \$5.55m in forecast electrical worker fees in 2020/21.

Free and frank opinions

[Redacted text block]

Free and frank opinions

[Redacted text block]

Free and frank opinions

Construction Sector Accord

55. The Minister for Building and Construction, six other Ministers and 14 industry leaders signed and launched the Construction Sector Accord (the Accord) in April 2019. The Accord is a joint commitment between government and industry to work together to create a high performing construction sector for a better New Zealand. It signals a new way for government and industry to partner to address some of the long-standing and systemic challenges the sector is facing, such as skills and labour shortages, unclear regulations and pipeline of projects, a fragmented sector with a lack of coordinated leadership, and a culture of shifting risk. It calls for cultural and behavioural changes to enable the sector to thrive.
56. The Construction Sector Transformation Plan is a three-year action plan for change developed with strong industry and agency input targeted at addressing the challenges faced by the sector across eight work streams. Thirteen out of 28 Transformation Plan programmes are underway, eight are in the planning phase, and seven are yet to commence.
57. The eight Transformation Plan work streams and the key objective of each are:
- Leadership: create effective cross-government and industry leadership, share success stories and lessons learned, and drive culture change in the sector
 - Business Performance: support business investment by providing a clearer pipeline and lift performance by sharing good business and risk management practice
 - People Development: build capability by addressing skills gaps, help shape the reform of vocational education, and create a long-term workforce plan
 - Health, Safety and Wellbeing: reduce the number of workplace accidents and create a more supportive work environment
 - Regulation: improve the building consenting system and shape and drive building legislative reform
 - Procurement and Risk: build procurement skills, promote clearer contracts, and support a better deal for subcontractors
 - Beacons: Identify beacon projects within the sector and use them to create, promote and share good practice
 - Environment: lead change across the sector to drive sustainable construction.
58. COVID-19 has disrupted the construction ecosystem. While this has impacted planned progress on the Construction Sector Accord Transformation Plan, the Accord has still provided an effective platform to grow sector engagement and support response and recovery efforts across the sector. The Accord has been successful at co-ordinating industry

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voices to inform government response and leadership in the construction sector, which has set an example for the private sector without mandating particular behaviours.

59. As the chair of the Accord Ministers, you will chair the Accord Ministerial meetings when scheduled. You, as well as other Accord Ministers, will be regularly invited and can choose to attend Accord Steering Group, Transformation Delivery Group and Accord Forum meetings to maintain engagement as a partner to the Accord.

Construction Skills Action Plan

60. In 2018 the Minister for Building and Construction established the Ministerial Group on the Construction Workforce (MCW) to drive government initiatives to grow and develop the construction workforce. The MCW developed the Construction Skills Strategy to respond to the workforce and skill challenges within the Construction industry.
61. To achieve this a cross-government, Construction Skills Action Plan (CSAP) was launched to build capacity and capability of the workforce. The Building System Performance branch within MBIE led the development of the Action Plan, which is a mobilising Action Plan focused on increasing capacity and capability of the workforce. Its primary purpose is mobilising and supporting people to take up the opportunity of a career or training in the construction sector.
62. CSAP includes six priority Action Plan initiatives, which are being delivered as complementary projects. They are:
- Leveraging Government procurement (MBIE-led, New Zealand Government Procurement and Property)
 - Establish additional Jobs and Skills Hubs (MBIE-led, Sector Workforce Engagement Programme)
 - Growing construction careers and credentials (Tertiary Education Commission-led)
 - Expand Skills for Industry (Ministry of Social Development-led)
 - Mana in Mahi – Strength in Work (Ministry of Social Development-led)
 - Changes to Immigration Settings (MBIE-led, Immigration New Zealand)
63. You will receive quarterly updates on how the programme is tracking towards its overall target of 4000 additional people into construction-related education and employment by October 2021.

4. Major links with other portfolios

64. As Minister for Building and Construction, you will need to work closely with Ministers of other portfolios, including Housing and Urban Development, Commerce and Consumer Affairs, Workplace Relations and Safety, Local Government, Environment, Finance, Education, Employment, Immigration, Infrastructure, and Economic Development.

65. Figure 4 below indicates the links between your portfolio and some of the other key portfolios. Green circles indicate portfolios supported by MBIE.

Figure 4: Major links between Building and Construction Portfolio with other portfolios



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66. The Construction Sector Accord is a good demonstration of the interrelationship of the Building and Construction portfolio with other portfolios, including Infrastructure, Education, Economic Development, Housing and Urban Development, Workplace Relations and Safety, and Health. Specific links with some portfolios are discussed below.
67. **Housing:** the Minister for Building and Construction and the Minister of Housing are jointly responsible for work to increase housing supply for New Zealanders. The overall efficient functioning of the building regulatory system has an important role to play in supporting the objectives of the Housing portfolio. The building regulatory system can have an impact on residential housing costs, supply, quality and the time taken to build and consent new houses. There is also a considerable overlap across the Building and Construction and Housing portfolios in terms of labour supply and skills. A majority of the construction sector workforce works in the residential housing market.
68. **Commerce and Consumer Affairs:** the building and construction sector plays an important role to ensure consumers' interests are protected through regulating building products to be safe and fit for purpose. The proposed legislative reforms would require manufacturers and suppliers (including importers) to stand behind their products. They would have stronger incentives to undertake appropriate testing so they can back up any claims they make about their products. Minimum information requirements will ensure that designers can make decisions about the appropriate products to use within the building they are designing. In addition, the Minister of Commerce and Consumer Affairs is responsible for Standards New Zealand, which manages the development of a number of building and construction related standards.
69. **Immigration:** the building and construction sector relies on the support of flexible immigration policy, particularly in terms of skilled workers. By April 2020, the flexible immigration settings have put 5,913 migrants in construction-related occupations. This has been a critical contribution to the Construction Skills Action Plan.
70. **Infrastructure:** the Building and Construction portfolio and the Infrastructure portfolio are closely linked in that the building and construction sector is a major contributor to the delivery of quality infrastructure, and the infrastructure portfolio provides projects for the building and construction sector. The first 'Infrastructure pipeline' for five government agencies was published in May 2019. It was expanded in November 2019 to include 10 additional organisations and 500 projects.
71. **Workplace Relations and Safety:** health and safety of the workforce in the building and construction sector is key to the successful operation of the industry. Government is reviewing health and safety regulations for managing common workplace risks such as using machinery and equipment. It's expected that changes will take effect in 2021.
72. **Environment:** largely, the building and construction sector determines the built environment that provides the setting for human activity. Specifically, buildings contribute to, and are impacted by, climate change. The building regulatory system may be used to reduce greenhouse gas emissions from the built environment and by ensuring buildings will keep people safe and healthy in a changing climate. There is also a close linkage between resource consenting and building consenting which are governed by the Resource Management Act 1991 and the Building Act respectively.

5. How MBIE assists you

73. MBIE assists you in fulfilling your portfolio responsibilities through its roles of steward and central regulator for the building and construction sector. The stewardship role requires MBIE to look across the system as a whole and provide advice on how to ensure the building regulatory system is high performing. As the central regulator, MBIE manages the rules, procedures, and other key functions for regulating building work.
74. The following groups of MBIE play specific roles in the building regulatory system.

Building, Resources and Markets Group

75. The Building System Performance (BSP) branch of the group provides advice on regulatory settings and policies that administer the Building Act and related statutes, including:
- maintaining an overview of the performance of the building regulatory system, informed by sector intelligence and robust performance data
 - using this understanding of the building regulatory system to develop a strategy and work programme to address sector performance issues
 - developing policy advice, well informed by technical expertise, to optimise performance of the building regulatory system
 - providing expert advice on technical matters, including the design and commissioning of enquiries related to building or product performance or failure
 - supporting the effective implementation of policy and regulation based on modern service design and regulatory principles
 - keeping abreast of innovations, trends and risks in relation to building technology and systems.

Te Whakatairanga Service Delivery Group

76. The Te Whakatairanga Service Delivery Group delivers operational services. It works with businesses, employees and consumers to help them participate effectively in the building and construction market by:
- providing information on rights, responsibilities and dispute resolution to consumers and practitioners
 - administering occupational regulation schemes for the licensed building practitioners and electrical workers regimes
 - providing support to the Building Practitioners Board and Electrical Workers Registration Board
 - investigating complaints against licensed and registered practitioners
 - prosecuting criminal offences in relation to licensing, registration and consumer protection measures
 - administering the building product certification scheme (CodeMark)

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- making determinations about disputes on certain building matters
- managing the development and revision of standards and providing support to the independent Standards Approval Board
- monitoring the performance of BCAs.

77. Resourcing in this Group has been increased significantly in 2019. This is partly in response to the new responsibilities and increased powers for the chief executive to investigate building failures brought about by the amendment to the Building Act in 2019,¹⁶ and partly in preparation for the implementation of the reform programme.

Labour, Science and Enterprise Group

78. The Labour, Science and Enterprise Group advises on labour market policy, immigration policy, manages international components, workplace health and safety and accident compensation policy. Many of the policy areas, such as immigration, health and safety, are directly related to the building and construction sector. However, their support will be provided via the relevant portfolio ministers rather than directly to you.

79. The Board Appointment and Governance (BAG) team sits within the Labour, Science and Enterprise Group. The BAG team provides support and advice to the Minister for Building and Construction for the six occupational statutory boards within the Building and Construction portfolio.

80. The BAG team's work includes:

- managing board appointment processes
- monitoring the performance of the boards
- drafting the performance agreement between each board and the Minister for Building and Construction
- regularly reviewing the board members' fees in accordance with the Cabinet Fees Framework
- providing governance advice to the boards.







Key MBIE officials

81. Table 3 below provides the key MBIE officials who will provide direct support to you.

¹⁶ Refer to the Building Amendments Act 2019.

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Table 3: Key MBIE officials

Contact	Role	Priority Area	Contact details
<p>Carolyn Tremain</p> 	Chief Executive, Ministry of Business, Innovation and Employment	All	Privacy of natural persons
<p>Chris Bunny</p> 	Deputy Chief Executive, Building, Resources and Markets	Building policy and performance	Privacy of natural persons
<p>John Sneyd</p> 	General Manager, Building System performance, Building, Resources and Markets	Building policy and performance	Privacy of natural persons
<p>Sanjai Raj</p> 	General Manager, Market Integrity, Te Whakatairanga Service Delivery	Occupational regulation (covering registering and licensing of building practitioners and electrical workers)	Privacy of natural persons
<p>Ingrid Bayliss</p> 	General Manager, Building and Tenancy Services, Te Whakatairanga Service Delivery	Building system Assurance, determinations, dispute resolution and weathertight services	Privacy of natural persons
<p>Michael Bird</p> 	General Manager, Entity Performance and Investment, Labour, Science and Enterprise	Building and Construction board appointments, governance and performance monitoring (covering all statutory boards in Annex 2)	Privacy of natural persons

6. Major work programmes

82. In line with your Portfolio responsibilities, there are a range of work programmes that need to be brought to your attention. The following table provides the major work programmes we consider that may be a priority for you.

Table 4: major work programmes

Programme	Description	Action/next step
Construction Sector Accord	<p>A joint commitment between government and industry to work together to create a high performing construction sector for a better New Zealand.</p> <p>The actions to deliver this vision is set-out in the three year Construction Sector Accord Transformation Plan.</p>	<p>Implementation of the Construction Sector Accord Transformation Plan is in progress with a reset focus on supporting sector's COVID-19 response and recovery efforts additional to the delivery of the Transformation Plan initiatives.</p>
Construction Skills Action Plan	<p>A cross-agency work programme to support more people into construction careers and increase business investment in training and development, so that New Zealand has the construction workforce it needs, now and into the future.</p>	<p>Monitoring of progress has been ongoing and the six initiatives have adapted in response to the COVID-19 restrictions.</p>
Phase one of the Building System Legislative Reformation Programme	<p>The Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill was introduced in May 2020 and is currently with the Environment Committee.</p> <p>The Bill makes changes that cover the regulation of building products and methods (including a new framework for modern methods of construction), changes to the building levy, changes to offences and penalties and changes to public notification requirements.</p>	<p>A separate briefing will be provided to you in November 2020.</p>
Constitutional conventions		

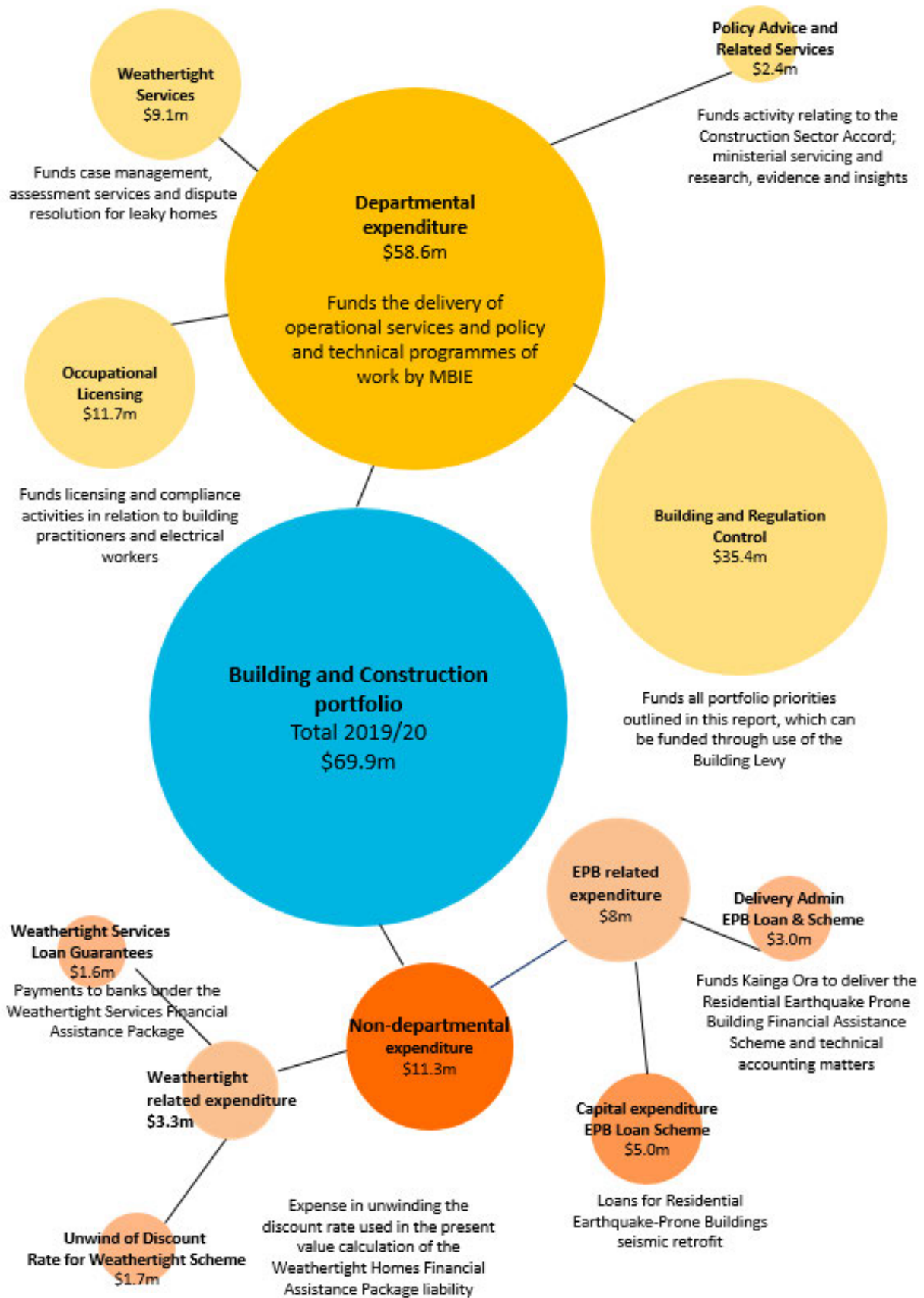
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Constitutional conventions	[REDACTED]	[REDACTED]
Constitutional conventions	[REDACTED]	[REDACTED]
Constitutional conventions	[REDACTED]	[REDACTED]
Constitutional conventions	[REDACTED]	[REDACTED]
Constitutional conventions	[REDACTED]	[REDACTED]
Constitutional conventions	[REDACTED]	[REDACTED]
Constitutional conventions	[REDACTED]	[REDACTED]

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	<ul style="list-style-type: none"> • clarity of the Building Code technical performance requirements • certainty of the technical requirements in the consent process • consistency amongst BCAs when interpreting the Building Code for compliance. 	<p>2021.</p> <p>You will be briefed separately on a programme to progress changes to Building Code Regulations (the Building Code).</p>
<p>Kāinga Ora Private BCA Application</p>	<p>Kāinga Ora is in the process of applying for accreditation to become a private building consent authority.</p> <p>For this purpose, it has completed its accreditation assessment and is currently addressing the non-compliances identified by International Accreditation NZ.</p>	<p>Regular advice will be provided to you on Kāinga Ora’s progress.</p>
<p>Constitutional conventions</p>	<p>[Redacted]</p> <p>[Redacted]</p>	<p>[Redacted]</p>
<p>Constitutional conventions</p>	<p>[Redacted]</p> <p>[Redacted]</p> <p>[Redacted]</p>	<p>[Redacted]</p> <p>[Redacted]</p>

Annex 1: Building and Construction Expenditure



Annex 2: Statutory Boards

Board/Entity	Members	Appointment dates
<p>Building Practitioners Board</p> <p><i>Established under the Building Act 2004</i></p> <p>You are responsible for appointing members to this Board. The Board and the Ministry are jointly accountable for the performance of the registration and licensing system and you are able to set expectations relevant to the Board's functions, as laid out in its legislation.</p>	<p>Christopher John Preston (Chair)</p> <p>Melbourne J (Mel) Orange</p> <p>Robert Guy Monteith</p> <p>Faye Dawn Pearson-Green</p> <p>David Fabish</p> <p>Yualin (Rob) Shao</p> <p>Frances (Frank) Thomas</p> <p>Dr Robin James Dunlop (Vacancy)</p>	<p>12/08/2013 - 14/10/2022</p> <p>12/08/2013 - 14/10/2022</p> <p>1/10/2015 - 31/01/2022</p> <p>22/05/2017 - 14/10/2022</p> <p>1/02/2018 - 31/01/2024</p> <p>10/09/2019 - 31/08/2022</p> <p>01/09/2020 - 31/08/2023</p> <p>18/12/2014 - 31/01/2020</p>
<p>Chartered Professional Engineers Council</p> <p><i>Established under the Chartered Professional Engineers of New Zealand Act 2006</i></p> <p>You are responsible for appointing members to this Board (four members are nominated by associations). You and the Council have a performance agreement which sets out expectations relevant to the Board's functions as laid out in its legislation, as well as governance of the Council.</p>	<p>Christopher Harrison (Chair)</p> <p>Sandra Hardie</p> <p>Susan Simons</p> <p>Alan Winwood</p> <p>Rebecca Jane Knott</p> <p>Sarah Sinclair</p> <p>Manjit Deygun</p> <p>Anthony (Tony) Fairclough</p>	<p>21/12/2014 - 31/08/2023</p> <p>30/10/2016 - 31/07/2022</p> <p>1/12/2015 - 31/08/2022</p> <p>18/12/2015 - 31/08/2022</p> <p>1/02/2018 - 31/08/2023</p> <p>1/08/2019 - 31/08/2022</p> <p>1/12/2020 - 30/11/2022</p> <p>01/09/2020 – 31/08/2023</p>
<p>Electrical Workers Registration Board</p> <p><i>Established under the Electricity Act 1992 – the Minister of Energy and Resources has overall responsibility for the legislation</i></p> <p>You are responsible for appointing members to this Board. The Board and the Ministry are jointly accountable for the performance of the registration and licensing system and you are able to set expectations relevant to the Board's functions, as laid out in its legislation.</p>	<p>Melbourne J (Mel) Orange (Presiding Member)</p> <p>Michael John Douglas Macklin</p> <p>Monica Kershaw</p> <p>Jane Davel</p> <p>Han (Ashley) Yan</p> <p>Russell Barry Keys</p> <p>Martin Perry</p>	<p>10/09/2012 - 31/03/2022</p> <p>2/07/2009 - 31/8/2021</p> <p>1/02/2018 - 31/08/2023</p> <p>1/02/2018 - 31/08/2023</p> <p>1/06/2019 - 31/05/2022</p> <p>1/06/2019 - 31/05/2022</p> <p>1/09/2020 - 31/08/2023</p>

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<p>Engineering Associates Registration Board</p> <p><i>Established under the Engineering Associates Act</i></p> <p>You are responsible for appointing members to this Board (six members are nominated by associations). You and the Board have a performance agreement which sets out expectations relevant to the Board's functions, as laid out in its legislation.</p>	<p>Deborah Jane Cranko (Chair)</p> <p>Glynn Maurice Cowley</p> <p>Ernest (Bruce) Hurley</p> <p>Warren Geoffry Crawley</p> <p>Dhammika (Danny) Muthumala</p> <p>Phil Huse-White</p> <p>Joyana Finch</p> <p>Joanne Johnston</p> <p>Colette McCartney</p>	<p>14/12/2012 - 31/03/2022</p> <p>14/12/2012 - 31/01/2022</p> <p>14/12/2014 - 31/01/2022</p> <p>14/03/2016 - 31/01/2022</p> <p>01/03/2018 - 31/01/2022</p> <p>01/02/2020 - 31/01/2022</p> <p>01/09/2020 - 31/08/2022</p> <p>01/09/2020 - 31/08/2022</p> <p>01/09/2020 - 31/08/2022</p>
<p>New Zealand Registered Architects Board</p> <p><i>Established under the New Zealand Registered Architects Act</i></p> <p>You are responsible for appointing members to this Board (four members are nominated by associations). You and the Board have a performance agreement which sets out expectations relevant to the Board's functions as laid out in its legislation, as well as governance of the Board.</p>	<p>Gina Jones (Chair)</p> <p>Professor Diane Brand</p> <p>Louise Wright</p> <p>Kimberly Browne</p> <p>Marc Woodbury</p> <p>Murali Bhaskar</p> <p>Robert Hall</p> <p>Judith Thompson</p>	<p>23/01/2018 - 31/08/2023</p> <p>19/12/2015 - 31/08/2023</p> <p>01/12/2014 - 31/08/2023</p> <p>3/10/2016 - 21/01/2023</p> <p>2/05/2016 - 21/01/2023</p> <p>22/01/2019 - 21/01/2023</p> <p>22/01/2019 - 21/01/2023</p> <p>01/09/2020 - 31/08/2022</p>
<p>Plumbers, Gasfitters, and Drainlayers Board</p> <p><i>Established under the Plumbers, Gasfitters, and Drainlayers Act</i></p> <p>You are responsible for appointing members to this Board. You and the Board have a performance agreement which sets out expectations relevant to the Board's functions as laid out in its legislation, as well as governance of the Board.</p>	<p>Nicholas Zeke Fleckney (Chair)</p> <p>Diana Louise Kuhtz</p> <p>Deborah Jane Cranko</p> <p>Kenneth Neil Douglas</p> <p>Barry John Willcox</p> <p>Sue Simons</p> <p>Martin De Gouw</p> <p>Tofa Suafole Gush</p> <p>Beth Healy</p> <p>Ming-Chin Wu</p>	<p>17/09/2012 - 16/09/2021</p> <p>17/09/2016 - 16/09/2021</p> <p>17/09/2015 - 16/09/2021</p> <p>15/08/2015 - 14/08/2021</p> <p>17/09/2015 - 16/09/2021</p> <p>01/09/2019 - 31/08/2022</p> <p>01/09/2019 - 31/08/2022</p> <p>01/09/2020 - 31/08/2023</p> <p>01/09/2020 - 31/08/2023</p> <p>01/09/2020 - 31/08/2023</p>