

Budget 2022 Initiative Summary – Main Budget Process

Note to agencies: delete any sections that are not applicable before submitting this template. Where a CFISnet character limit is specified, this applies to entry in the CFISnet field only. There are no character or word limits for the Word version of this template.

13635 – Next Generation Transformation Plan for the Construction Sector Accord ('Accord 2.0')

Section 1: Overview

This section must be completed for all initiatives.

Section 1A: Basic Initiative Information

Lead Minister	Hon Poto Williams, Minister for Building and Construction Hon Dr Megan Woods, Minister for Housing (Accord Co-Lead)				
Department	Ministry of Business, Innovation and Employment				
What type of initiative is this?	<i>Critical cost pressure initiative</i>		<i>Manifesto commitment initiative</i>	✓	<i>Health and Disability System Reform initiative</i>
	<i>Climate Emergency Response Fund initiative</i>		<i>Savings initiative</i>		<i>Non-Spending initiative</i>
Initiative description [max 800 Characters]	The current Construction Sector Transformation Plan expires in June 2022. The next generation plan (Accord 2.0) Plan will include work to complete in-flight initiatives from the current Transformation Plan, as well as implementation of new initiatives that have a greater focus on the Māori construction eco-system , driving innovation and reducing carbon emissions. This initiative will be delivered in partnership with industry and agencies. It will fund: <ul style="list-style-type: none"> - Initiative funding of \$21m across three years working with industry partners. - Confidential advice - Programme Management Office to coordinate delivery of Accord 2.0. 				
Is this a Cross-Vote initiative?	Y	Building, Science and Innovation			
Department contact	Judy Zhang, Director Accord Transformation Unit Privacy				
Treasury contact	Olivia Maxwell				

Section 1B: Total Funding Sought

Operating funding sought (\$m)	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Total
		<i>Confidential advice</i>				

Capital funding sought (\$m)	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total
		0.220									0.220

BUDGET SENSITIVE

Section 1C: Initiative Classifications

Is this initiative seeking funding from the Climate Emergency Response Fund (CERF)? [max 300 characters in CFISnet].	N					
Is this initiative climate-related, but not seeking funding from the CERF? [max 300 characters in CFISnet].	Y	Construction produces more waste than any other sector and is a large contributor to greenhouse gas emissions. The construction sector will need to transition to low carbon materials and processes if New Zealand is to reach its climate change goals. Accord 2.0's Planet stream will deliver a roadmap to plot the sector's journey towards a low carbon future.				
Does this initiative align with the Crown's obligations under the Treaty of Waitangi?	Strong	The Transformation Plan aligns with the Crown's obligations under the Treaty of Waitangi, specifically the principles of 'Partnership' and 'Participation'. Accord 2.0 will promote a strong Maori construction economy to create an economy of mana and enable a flow down of prosperity to tangata whenua.				
Specify if this initiative will help reduce child poverty and describe the impact [max 300 characters in CFISnet].	Indirect impact	The Accord will have an indirect impact on child poverty as changes delivered through the plan will ultimately result in a thriving, equitable and sustainable construction sector that enables the wellbeing of Aotearoa New Zealand's people and its environment.				
Does this initiative align with the Child and Youth Wellbeing Strategy?	N					
Does the initiative include funding to procure from NGOs?	Y	It is possible that Accord 2.0 will require services in partnership from an NGO, [REDACTED] Confidential advice to deliver shared outcomes related to environmental and climate action.				
Does the initiative include funding to support digital and data related investments?	Y	<p>A new Accord website, including automation of Network member processes, is in the early stages of development. This work will continue into Accord 2.0.</p> <p>The new Accord website aligns with the All of Government 'Digital, data and ICT investment principles'. The website falls under the service delivery investment category, as a customer-facing website, and also the information and data services investment category, as it will look to gather and share data with the construction sector.</p> <p>The Accord website will align with several digital public service investment principles:</p> <ul style="list-style-type: none"> • Adopting digital technologies and components to enable flexibility and to deliver value for money. • The delivery of data and analytics that emphasise meaningful measures of progress that deliver value to address current government priorities and seek to enhance capability in the use of data for policy and decision making. • Stewardship of the system to ensure that the moving parts and key actors enable a system where activity builds on existing and parallel work to add value. • Where there's an emphasis on supporting data system outcomes and infrastructure. 				
Is this a regulatory or legislative initiative (according to the guidance provided)?	N					
Is this a significant investment initiative per the definition at section 4.8 of the Budget 2022 guidance?	N					
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Data / Digital / ICT</td> <td style="width: 25%;">Physical Infrastructure</td> <td style="width: 25%;">Organisational Transformation</td> <td style="width: 25%;">Specialised Equipment</td> </tr> </table>	Data / Digital / ICT	Physical Infrastructure	Organisational Transformation	Specialised Equipment
Data / Digital / ICT	Physical Infrastructure	Organisational Transformation	Specialised Equipment			
<i>See Annex A for further questions – mandatory to complete for all significant initiatives</i>						

Section 2: Cost pressure information

This section must be completed for all cost pressure initiatives. Skip this section for Manifesto Commitment, Savings, Non-Spending, Health and Disability System Reform (HDSR), Climate Emergency Response Fund (CERF) and Pre-Commitment initiatives.

See section 4.2 of the Budget 2022 guidance for more information on cost pressure initiatives.

Answers must not exceed 1-2 paragraphs per section.

Cost pressure driver	Volume	Price	Personnel (driven by volume/price)
Cost pressure description	<p>Provide evidence of what caused the pressure (e.g., population growth, price increases, wage pressures including FTE changes). This should correspond to the further detail provided in the 'funding sought by component' table in Section 5 of this document.</p> <p>Indicate whether this cost pressure is critical (i.e., are there significant delivery or legal risks if funding is not provided? Could funding be deferred to future Budgets?)</p>		
Cost pressure management	<p>Provide an overview of why the pressure cannot be funded from baselines and what steps have been taken to manage the pressure.</p>		
Case for funding	<p>Explain how additional funding will mitigate or resolve the pressure and provide an overview of what outputs it is purchasing.</p>		

Section 3: Value

Section 3 must be completed for all initiatives, unless exempted by the Minister of Finance in the invitation letter. Further information on the questions in this section can be found at Annex Two of the Budget 2022 guidance.

This section explains the initiative's value, drawing on elements of He Ara Waiora (section 3A) and the Living Standards Framework (Section 3D). For explanations of these two frameworks, please see the accompanying guidance.

Explanation

Intervention logic terms such as outputs, impacts, and goals can have different definitions. Please see table below for how the Treasury defines these concepts.

Explanation Table		
<i>This explanation table is for your reference only. Do not fill out the sections.</i>		
	Definition	Example
Outputs	The good or service the initiative is purchasing.	<p>The purchased goods are localised curriculum resources in te reo Māori, as well as the services of publishers, designers and story tellers.</p> <p>Costs cover the design, development, distribution and maintenance of online tools, interactive electronic and hard copy resources to promote and provide teachers, students and whānau, and external providers with quality tools and resources to enable effective teaching and learning from offsite or the workplace using a range of online, distance and place-based delivery modes.</p>
Impact	The direct effect of the initiative.	<ul style="list-style-type: none"> Increased whānau involvement in education which is a key driver to lifting student engagement and achievement. Improved student engagement and achievement in education that better reflects their identity, language and culture.

BUDGET SENSITIVE

		<ul style="list-style-type: none"> • Increased visibility of te reo Māori at schools and in the community. • Learning programmes supported by quality te reo Māori resources.
Goals	What this initiative aims to achieve.	<ul style="list-style-type: none"> • Normalisation of te reo Māori used by teachers in the classroom, wider school and home. • Increased student and whānau participation in and retention of te reo Māori learning. • Increase in the quality of te reo Māori used by teachers and students. • Attitudinal shift in the wider education community that te reo Māori is recognised as being for everyone.

Section 3A: Opportunity/Problem

Opportunity/Problem

What is the overarching opportunity or problem this initiative is responding to?

The Construction Sector Transformation Plan was co-developed with industry and set out how the partnership would help to overcome challenges in the sector. That plan expires in June 2022. While it has been successful in a number of areas, particularly in bringing the industry together to respond to COVID-19 and laying the foundations for change, further work is required **to achieve the Accord's vision of a thriving, equitable and sustainable construction sector that enables the wellbeing of Aotearoa New Zealand's people and its environment.**

Overall, the Accord is viewed positively across the sector and is seen to be building momentum towards culture change in the sector. **However, there are opportunities to increase the Accord's reach, relevance and impact.** Resolving current and emerging issues has distracted from the **Accord's focus on long-term transformation.** There is an opportunity to more explicitly include Te Ao Māori, and to take a system-wide approach to transformational activity by more effectively supporting innovation in products and practices and creating networks of learning and data sharing to grow knowledge and leadership across the sector.

Section 3B: He Ara Waiora

Tikanga- decisions are made by the right decision-makers, following a tikanga process, according to tikanga values

The Accord convened a Māori reference group to input into the development of Accord 2.0. Consequently, the Construction Sector Transformation Plan 2.0 will include goals focussed on achieving **a strong Māori construction economy.** This will be done through strong engagement **with Māori including convening an Accord Māori Leaders group, working with the Māori Accord Network, and establishing Māori Procurement Panels to make it easier for clients to acquire services from Maori-owned businesses and achieve sustainable and social outcomes in their procurement and contracting.**

Manaakitanga- focus on improved wellbeing and enhanced mana for iwi and **Māori, and for other affected communities** and groups, demonstrating an ethic of care and mutual respect

A strong Māori construction economy will create an economy of mana and flow-down prosperity to tangata whenua. **This includes enhancing Māori construction** subject matter expert capability, enhancing **Māori regional** construction networks, procurement and contracting equity, achieving **Māori housing outcomes, partnering with Māori** at the governance level of the Construction Accord, and improving **Māori youth technical training pathways.**

Section 3C: Outputs – The good or service the initiative purchases

Output	Description
<i>Name each output here (80-100 words)</i>	<i>Describe each output in detail. (Add additional lines to the table for more outputs)</i>
Confidential advice	
People: Māori Procurement Panels	<p>Establish Māori only panels to make it easier for clients to procure services from Māori-owned businesses and adopt Sustainable and Social Outcomes in their procurement and contracting.</p> <p>This will lead to non-Māori clients and asset owners adopting Te Ao Māori philosophies and approaches by incorporating them into the panel design.</p>

BUDGET SENSITIVE

People: Enabling powerful learning networks	Create sub-sector networks around Māori, Vertical, Residential, Infrastructure and Professional Services. These networks will accelerate the sector's transition by enabling dense peer-to-peer learning among business leaders and influential figures in the sector. These networks will also be used to deliver and embed all other priority initiatives.
People: Construction Skills Strategy roadmap deployment – leaders	Utilise the Construction Skills Strategy (developed as part of the current Transformation Plan) to design and deliver initiatives for the sector to attract, develop and retain leaders with the right capabilities to lead enterprises into the future, with the ability to prepare businesses to deal with both the present and future.
People: Construction Skills Strategy roadmap deployment – workforce	Utilise the skills strategy to grow and develop the construction workforce, helping to overcome the significant shortfall in workforce capacity at present, by creating pathways that allow apprentices to transition to supervisory roles, while also identifying the composition of the future workforce for the industry to exploit technology and other opportunities.
People: Benchmarking construction business performance	Use data collected from businesses across the sector to determine the traits of successful enterprises and provide insights from benchmarking to identify trends and challenges for business owners and provide targeted support back to businesses.
People: Diversity in Construction roadmap deployment	Utilise the Diversity in Construction roadmap (developed as part of the current Transformation Plan) to deliver initiatives targeted at increasing diversity, equity and inclusion in the sector, to attract, develop and retain a more diverse workforce and leaders for the industry.
People: Wellbeing, health and safety	Support industry health, safety and mental health programmes to build workforce resilience and wellbeing, and have people thriving at all levels of the industry and working towards a zero-harm and fatality free sector.
People – total cost of outputs (excluding PMO resourcing)	Confidential advice <i>Impacts: see 'Goal 1 - Raise Capability' in goals section (3E) below</i>
Procurement: Public and private clients as value chain leaders	A set of initiatives to develop practises and capabilities for sustainability and social outcomes leadership in public construction.
Procurement: Coordinated delivery of government pipeline	Improve programming and cohesion between government construction projects, to better align demand with market capacity at a regional level.
Procurement – total cost of outputs (excluding PMO resourcing)	Confidential advice <i>Impacts: see impacts in 'Goal 3 – Improve Resilience' below, linked to improved business confidence in procurement processes, such as better risk management, and tenders assessed on factors other than price. Also, not overall perception that Accord's Procurement & Risk workstream has been successful at improving procurement practices across the sector.</i>
Planet: Environmental and climate action	The construction sector's contribution to Aotearoa New Zealand's climate and environmental commitments will require the sector to adopt advanced products and practises. The scale of the change required is significant, yet it is a very low priority for the sector in relation to other present and pressing issues. This workstream will establish structures, teams and budgets to undertake the delivery of the Environment Roadmap and Action Plan.
Planet – total cost of outputs (excluding PMO resourcing)	Confidential advice <i>Impacts: see impacts in Goal 3 – Improve Resilience below, related to increased number of businesses with policies on environmental sustainability. Additional measure over time likely to be reduction in total CO2 emissions for the sector and % contribution of construction to NZ's carbon emissions.</i>

Confidential advice

Confidential advice

BUDGET SENSITIVE

<i>Confidential advice</i>	
Progress: effective and efficient regulation, consenting and compliance	Help to develop an effective and efficient regulatory system for integration of new products and practices. This involves continued engagement with MBIE BSP reform team to understand the value Accord can add to the reform work.
Progress – total cost of outputs (excluding PMO resourcing)	Confidential advice <i>Impacts: see impacts in 'Goal 2 – Improve Productivity' below, especially measures on labour productivity and R&D investment in the sector.</i>
Data and Insights: Beacon case studies	Continuation of Beacon programme as a vehicle to illuminate successes and share good practice. Extend to include all innovation learnings. There is value also in activating learning loops around innovations that didn't work as planned. These require high trust cultures and should start in small learning networks.
Data and insights: Think tank	Establish a Thinktank to catalogue existing data points, perform gap analysis then develop action plan to close gaps. The intent is to create mechanisms to activate backward looking, current state and forward-looking data and insights to inform business and agency practice.
<i>Confidential advice</i>	
Data and insights – total cost of outputs (excluding PMO resourcing)	Confidential advice <i>Impacts: improving the data ecosystem for the sector will deliver improvements across all theme areas.</i>
Support: Managing and responding to the critical issues of the day (30% of focus and effort)	Building on the Accord's reputation for coordinating a cohesive, sector-wide response to emerging issues by reserving capacity to resolve critical issues that the sector is facing in the immediate term. This will help free people and enterprises up to focus on the transition to the sector's future. The Accord's networks enable it to get signals of current or impending crisis and respond quickly based on timely sector research and insights.
Support – total cost of outputs (excluding PMO resourcing)	Confidential advice <i>Impacts: improving the sector's ability to respond to emerging issues and crises will deliver improvements across all theme areas.</i>

Section 3D: Impacts – The direct effect of the initiative

Please repeat these questions for each impact

Overall impact	Description of the impact	
		<p>The new Transformation Plan formed under Accord 2.0 will be a sector-wide change programme, with dozens of discrete initiatives to raise productivity; increase skills; improve resilience; and restore the sector's confidence, pride, and reputation.</p> <p>Given the scale and scope of the Accord, and the diverse range of initiatives, describing individual impacts in this template would be difficult. The entire Accord 2.0 plan seeks to achieve the following vision:</p> <p><i>A thriving, equitable and sustainable construction sector that enables the wellbeing of Aotearoa New Zealand's people and its environment.</i></p> <p>Progress to achieve this long-term vision will be tracked through the achievement of these mid-term goals which are set for the programme:</p>

BUDGET SENSITIVE

		<ul style="list-style-type: none"> • Leaders and workforce with the right capabilities in the right numbers. • Confidence in business owners and leaders. • Resilience in people, organisations and the value chain. • Wellbeing, health and safety of leaders and workers. • Advanced construction is delivering productivity and value for money • Strong Māori construction economy. • Diversity, equity and inclusion in the workforce. • Carbon reduction, waste minimisation, and minimisation of other environmental impacts. • High-quality, safe, durable, sustainable residential and vertical buildings, and infrastructure. <p>To achieve these goals at a sector-wide level, the programme seeks to improve the following measures at an organisation/enterprise level:</p> <ul style="list-style-type: none"> • Advanced construction practices and tools adoption. • Resilience – capacity to adapt to externalities via innovation. • Quality risk management and sharing capability. • Wellbeing, health and safety capabilities and tools. • Environmental and climate action.
	<p>Quantification</p>	<p>The potential impact of the Construction Sector Accord is considerable. Over 250,000 New Zealanders work in the construction sector, and this number is still significant short of the sector's current needs to keep up with demand. However, the sector has seen relatively little growth in productivity. The Construction Sector Accord's goals are to raise productivity and address other longstanding issues.</p> <p>At this early stage of the Accord programme, it is difficult to quantify impacts of the programme. However, this section includes selected KPIs and draft findings from an ongoing outcome evaluation of the Accord. See section 5E for an overview of Accord monitoring and evaluation activity.</p>
	<p>Supporting Evidence</p>	<p>Because of the changing environment and context, changes in the construction sector can't be directly attributed to the Accord. The benefits or impacts of its programme and work will only become clearer in the long-term.</p> <p>Evidence that the Accord's work can help bring about change can be seen in the work that helped sector return to work safely and swiftly during COVID-19.</p> <p>An initial evaluation of the Accord's current three-year transformation plan states that most of its initiatives are either in progress or have been delivered to some extent. Early findings from the in-progress evaluation note that while the sector still faces a number of challenges, "lots and lots of small things are getting better" (evaluation respondent quote). This aligns with expectations that early outcomes would begin to be realised as the Accord works towards medium to long-term changes.</p> <p>The sector is more joined up which has led to more positive relationships across the sector where government and industry are working together for a common goal. The Accord has been recognised for its ability to collate and share knowledge and best practice, especially through:</p> <ul style="list-style-type: none"> • The Beacons workstream's setting the standard of good practice to create alignment across industry. • Work done to strengthen the health and safety system through creation of tools like Client Leadership Frameworks and Tōtika • Work done to make contracts and procurement systems and processes fairer and enable a partnership approach, support open dialogue between clients, contractors and all the participants in the supply chain <p>The full evaluation report will be available in December 2021.</p>

BUDGET SENSITIVE

	<p>Much of the first three years of the Accord's efforts have been about bringing the sector together to commit to common principles and goals, which will help improve productivity, resilience, and performance of the sector.</p> <p>In addition, relevant indicators of progress towards high-level Accord goals (i.e., labour productivity statistics, and qualification profiles for the construction sector), workstream outcomes (i.e., participation rates of women, Maori and Pacific people in the sector) and initiative level outputs (i.e., engagement with new procurement guidance documents published online) are also being captured a quarterly basis that will help demonstrate trends in the sector.</p>
Gaps in Evidence	<p>Currently much of the Accord progress reporting is internal to the Accord programme. Work is underway to produce a public-facing reporting tool, structured around Accord goals that will provide insights into Accord progress. A preliminary version of this reporting tool is expected to be ready early 2022.</p>
Assumptions	<p>Detailed planning of Accord 2.0 initiatives and programmes continues throughout late 2021/early 2022. Optioneering will be carried out for each initiative to ensure that the appropriate lever is being used to achieve the intended outcome, and to understand the assumptions that underpin our expected outcomes and impacts.</p>
Implications	<p>The gaps outlined above do not imply risks to the Construction Sector Accord achieving its goals.</p> <p>The Construction Sector Accord is a large-scale programme intended to support a wide range of changes across the construction sector. At this early stage the expectation is that the necessary cultural/behavioural shifts in the sector are emerging. Draft findings from the ongoing programme evaluation (see section 5E) support this expectation.</p>

Confidential advice

Confidential advice

Section 3E: Goals – What this initiative aims to achieve

Please repeat these questions for each goal

Overall	Description	<p>Construction Sector Accord goals:</p> <ul style="list-style-type: none"> • A productive, value-driven, and efficient construction sector able to produce more for each dollar spent. • A skilled and capable workforce that meets New Zealand's growing housing and infrastructure needs. • Strong, sustainable business with the capacity to innovate and adapt to change and disruption. • A high-performing, transparent and trusted sector we can all be proud of. <p>See attached outcomes framework for more detail of how these goals relate to initiatives, outputs, and outcomes of the Accord. In particular, note the 13 short-term outcomes.</p> <p>Given the breadth of the Construction Sector Accord, and the wide range of initiatives underway, links can be made to many of the Living Standards Framework (LSF) domains. While the goals noted above are very specific to the functioning of the construction sector, the Accord 2.0 vision makes it clear that the intent of these changes are to support greater outcomes for all New Zealanders:</p>
---------	-------------	---

BUDGET SENSITIVE

		<p><i>A thriving, equitable and sustainable construction sector that enables the wellbeing of Aotearoa New Zealand's people and its environment.</i></p> <p>Examples of links to LSF domains:</p> <ul style="list-style-type: none"> • Civic engagement and governance: The Accord includes an MBIE-led development of a new building consent model, to address longstanding concerns about efficiency, effectiveness, and consistency. This will contribute to “how ‘good’ New Zealand’s governance is perceived to be and the procedural fairness of our society”. • Cultural identity: The Accord’s ‘People Development’ workstream includes initiatives to increase diversity across the construction sector. • Health: The ‘Health and Safety’ workstream includes a range of initiatives to improve the health and wellbeing of the construction sector workforce. For example, funding and delivering the highly regarded ‘Mates in Construction’ initiative, which supports better mental health, reducing the high rates of suicide among construction sector workers. Further, the Accord was instrumental in providing health and safety guidance to enable the safe reopening of construction sites during Covid-19 alert level 3. • Housing: The Accord goals of increasing productivity and raising the capability of the sector workforce will directly support New Zealand’s growing housing needs. • Jobs and Earnings: The Accord includes a broad range of initiatives intended to support the resilience of businesses, and the quality of jobs and career pathways across the sector. • Knowledge and Skills: One of the Accord’s four goals is to raise capability across the construction sector. For example, supporting the development of business management skills across the sector. The proportion of the construction sector with formal qualifications is a KPI for the Accord. • Safety: The Accord ‘Health and Safety’ workstream aims to reduce the relatively high rate of workplace injuries in the sector and involves working closely with Construction Health and Safety New Zealand and Worksafe.
	Quantification	<p>Quarterly reporting, annual surveys of the sector, and ongoing programme evaluation, all provide insights into progress towards Accord goals. Dozens of individual indicators provide insight into progress towards Accord goals – acknowledging difficulty in directly attributing change in some population measures to Accord initiatives.</p> <p>Refer to the following four goal-specific sections for an overview of selected indicators.</p>
	Timeframes	<p>The four Accord goals will be realised over the medium to long term. However, it is important to note that progress will be iterative, and evidence of the necessary behaviour changes in the sector (see short-term outcomes in attached outcomes framework) will be realised over the short to medium-term.</p>
	Evidence and Assumptions	<p>Refer to the following four goal-specific sections for an overview of evidence to date.</p>
	Implications	<p>The Construction Sector Accord is a large-scale programme intended to support a wide range of changes across the construction sector. At this early stage the expectation is that the necessary cultural/behavioural shifts in the sector are emerging. Draft findings from the ongoing programme evaluation (see section 5E) support this expectation.</p>
Goal 1: Raise capability	Description	<p>A skilled and capable workforce that meets New Zealand’s growing housing and infrastructure needs.</p>

BUDGET SENSITIVE

	Quantification	<p>Key performance indicators to measure raising capability include:</p> <ul style="list-style-type: none"> • qualification status of the construction sector workforce • participation in construction-related study or training • alignment of study and training options with industry needs • proportion of construction businesses intending to provide specific training opportunities for workers • proportion of construction businesses with the skills and resources to manage health and safety risks.
	Timeframes	The Accord goal of raising capability will be realised over the medium to long term. However, it is important to note that progress will be iterative, and evidence of the necessary behaviour changes in the sector (see short-term outcomes in attached outcomes framework) will be realised over the short to medium-term.
	Evidence and Assumptions	<p>Evidence to date of the current state and/or progress towards raising sector capability include:</p> <ul style="list-style-type: none"> • The proportion of the construction sector workforce with a formal qualification has increased steadily over the past few years. (HLFS, as at Sept 2021 quarter) • Most (81%) construction businesses agree that industry training options are producing a workforce with the right skillset. (Accord Survey 2020) • The proportion of construction businesses reporting they have the skills and resources to manage health and safety risks remains high (89% in both 2020 and draft 2021 Accord surveys), despite the additional challenges presented by COVID-19. • Early findings from an evaluation of the Accord found that the People Development workstream is progressing towards outcomes and integrating well with other non-Accord activities. (draft evaluation findings, Accord Outcomes Evaluation) <p>Note, indicators are still being developed to measure participation in construction-related study and training.</p>
	Implications	Consistent and regular monitoring and reporting on workforce development and capabilities will assist better skills investment and training efforts across the system. This information will also assist in better skills matching and supply and demand analysis.
Goal 2: Increase productivity	Description	A productive, value-driven, and efficient construction sector able to produce more for each dollar spent.
	Quantification	<p>Key performance indicators to measure increasing productivity include:</p> <ul style="list-style-type: none"> • labour productivity of the construction sector • expenditure on research and development in the construction sector • proportion of businesses able to access information about upcoming construction projects (construction pipeline) • improved health and safety, resulting in reductions in injuries • volume and value of building consents, as a proxy for future building work.
	Timeframes	The Accord goal of increasing productivity will be realised over the medium to long term. However, it is important to note that progress will be iterative, and evidence of the necessary behaviour changes in the sector (see short-term outcomes in attached outcomes framework) will be realised over the short to medium-term.
	Evidence and Assumptions	Evidence to date of the current state and/or progress towards increasing productivity include:

BUDGET SENSITIVE

		<ul style="list-style-type: none"> • The labour productivity of the construction sector has been growing at around 4% per year since 2014. (SNZ) • Approximately 43% of construction businesses said they could find and use information about upcoming construction projects to generate new work. (Accord Survey 2020 and draft 2021) • The number of ACC claims and Worksafe NZ notifiable injuries in the construction sector has remained relatively static, other than significant drops associated with COVID-19 alert levels. (ACC, Worksafe NZ) • The volume and value of building consents has seen sustained strong growth in recent years. As of September 2021, over 35,000 consents have been issued so far this year, a 26% increase on the same period in 2020. (SNZ) • The Health and Safety workstream was highlighted in early Accord evaluation findings as one of the most successful Accord workstreams to date, with a range of initiatives well received in the sector Free and Frank opinion (draft evaluation findings, Accord Outcomes Evaluation) <p>Note, a per capita measure of injury data is being developed to better understand progress towards this goal.</p>
	Implications	Productivity proxy measures will assist in more immediate transitional insights on industry change in terms of labour utilisation, enterprise capability and capital investment. The programme insights initiative aims to strengthen the data and information captured to understand the lead indicators for productivity change across the sector.
Goal 3: Improve resilience	Description	Strong, sustainable businesses with the capacity to innovate and adapt to change and disruption.
	Quantification	<p>Key performance indicators to measure improving resilience include:</p> <ul style="list-style-type: none"> • how long businesses remain in operation • proportion of construction businesses able to access necessary business advice • businesses increasingly able to compete on factors other than price • obligations and risk are clear and appropriate in construction contracts • proportion of businesses that have or will implement environmentally sustainable practices.
	Timeframes	The Accord goal of improving resilience will be realised over the medium to long term. However, it is important to note that progress will be iterative, and evidence of the necessary behaviour changes in the sector (see short-term outcomes in attached outcomes framework) will be realised over the short to medium-term.
	Evidence and Assumptions	<p>Evidence to date of the current state and/or progress towards improving resilience include:</p> <ul style="list-style-type: none"> • Approximately two-thirds of construction businesses said they were able to access the necessary business advice to run a successful business (Accord Survey 2020 and draft 2021) • Increasing numbers of construction businesses report being able to compete for contracts on factors other than price (52% in Accord 2020 survey, 59% in Accord 2021 survey draft findings) • Increasing numbers of construction businesses report that obligations and risks are clear and appropriate in construction contracts (49% in Accord 2020 survey, 58% in Accord 2021 survey draft findings). • Approximately one-half of construction businesses report that they have or will implement environmentally sustainable practices. (both Accord Survey 2020, draft 2021)

BUDGET SENSITIVE

		<ul style="list-style-type: none"> The Procurement and Risk workstream was high highlighted, in initial Accord evaluation findings, for the work done to date improving construction procurement practices. For example, a noted shift from lowest cost to a more holistic approach to procurement; and procurers accepting more risk, with fewer special conditions. (draft evaluation findings, Accord Outcomes Evaluation) <p>Note, a business tenure measure has yet to be produced for the Accord to measure how long businesses remain in operation.</p>
	Implications	Consistent and regular monitoring and reporting on business resilience will assist in identifying early indicators of business strain and stress across the system. This information will assist in more targeted and timely system level interventions and support.
Goal 4: Restore confidence, pride, and reputation	Description	A high performing, transparent and trusted sector we can all be proud of.
	Quantification	Key performance indicators to measure restoring confidence, pride, and reputation include: <ul style="list-style-type: none"> Business confidence of construction sector Increased diversity across the construction sector Proportion of businesses that are proud to be part of the construction sector / would recommend a career in construction Perception that the public have trust and confidence in the construction sector.
	Timeframes	The Accord goal of restoring confidence, pride, and reputation will be realised over the medium to long term. However, it is important to note that progress will be iterative, and evidence of the necessary behaviour changes in the sector (see short-term outcomes in attached outcomes framework) will be realised over the short to medium-term.
	Evidence and Assumptions	Evidence to date of the current state and/or progress towards restoring confidence, pride, and reputation include: <ul style="list-style-type: none"> Construction sector business confidence and hiring intentions have increased steadily over the past few years, showing a slight decline during the recent COVID-19 alert level changes. (ANZ research) The construction sector continues to struggle with diversity, with women and Māori underrepresented. (HLFS) However, findings from an evaluation of the Accord found that the Accord focus on increasing diversity is reflected in increased activity to support diversity across the sector. (draft evaluation findings, Accord Outcomes Evaluation) Most construction business report being proud to be part of the sector (82% Accord Survey 2020, 79% Accord Survey 2021), and would recommend the sector as a good place to work (81% Accord Survey 2020, 74% Accord Survey 2021). Early findings from an evaluation of the Accord found that the Regulatory Environment workstream is well received, with local government appreciative of the increased engagement with central government via the Accord. (draft evaluation findings, Accord Outcomes Evaluation)
	Implications	Consistent and regular monitoring and reporting assists the programme to understand reach and impact across the system. The increased focus on system led learning networks and system insights will enable the programme to have greater coverage on participant change and progress over the next three-year period.

Section 3F: Distributional Analysis

A	Direct	✓	Indirect	No Impact
---	--------	---	----------	-----------

BUDGET SENSITIVE

Question 1: Does the initiative have the following types of distributional impacts for Māori?		In 2020, 15% of the workforce identified as being of Māori ethnicity. The proportion of Māori in managerial positions continues to rise over time however they are still underrepresented in managerial roles.				
	B	Targeted and tailored for Māori	✓	Disproportionate positive impact		Other (explain)
A key goal for Accord 2.0 is a strong Māori construction economy, to create the economy of mana and to flow down the prosperity to tangata whenua. This includes enhancing Māori construction subject matter expert capability, enhancing Māori regional construction networks, procurement and contracting equity, partnering with Māori at the governance level of the Construction Accord, and improving Māori youth technical training pathways.						
Question 2: Does the initiative have the following types of distributional impacts for Pacific Peoples?	A	Direct	✓	Indirect	✓	No Impact
	In 2020, 7% of the workforce identified as being of Pacific ethnicity.					
	B	Targeted and tailored for Pacific Peoples		Disproportionate positive impact		Other (explain)
	A key goal for Accord 2.0 is to raise capability via the attraction, retention and development of a diverse workforce and leaders.					
Question 3: Does the initiative have the following types of distributional impacts for children?	A	Direct		Indirect		No Impact
	If direct, please complete Question 3B. If indirect or no impact, please progress to Question 4.					
	B	Targeted and tailored for children		Disproportionate positive impact		Other (explain)
	Please explain why the initiative falls under the category identified in B above [max. 300 characters in CFISnet].					
Question 4: Does the initiative have direct impacts on any other population groups?	Y	<p>If yes, please list population groups impacted, e.g. "People with disabilities" [max 300 characters in CFISet].</p> <p>Accord 2.0 aims to attract, retain and develop a diverse workforce and leaders. Female workers are underrepresented in the sector. Women are underrepresented in managerial positions at 26.3%. Data shows workers in the construction sector are younger in age compared to the national population.</p>				
Question 5: What region is this initiative expected to impact?	✓	All of New Zealand		Gisborne		Northland
		Areas outside regions		Hawke's Bay		Offshore
		Auckland		Manawatu-Whanganui		Otago
		Bay of Plenty		Marlborough		Southland
		Canterbury		Nelson		Taranaki
						Tasman
						Waikato
						Wellington
						West Coast

Section 4: Alignment

Section 4 must be completed for all initiatives, unless exempted by the Minister of Finance in the invitation letter. Further information on the questions in this section can be found at Annex Two of the Budget 2022 guidance.

Section 4A: Strategic Alignment	
How does this initiative link with your strategic intentions/statement of intent?	<p>To pursue the government's priorities, MBIE is focusing on five outcome areas. These are:</p> <ul style="list-style-type: none"> • Prosperous and adaptable people, sectors, and regions: A sector policy perspective provides a way to examine in detail what's working and where there are opportunities in the economy. Lifting productivity and generating more fulfilling jobs will require industries like construction to move from volume to value and build on existing strengths. • People are skilled and engaged in safe and fulfilling work: Skilled people tend to experience better social and economic outcomes and are more resilient in periods of change. Skilled employees come either through training new entrants, upskilling the current workforce, or attracting people from overseas to fill shortages. The construction sector must adopt all of these strategies to address current chronic workforce capacity shortages and set-up the workforce of the future. • Informed consumers and businesses interacting with confidence: The Government sets the rules that ensure fair and thriving markets and defines rights in a way that ensures businesses operate effectively and efficiently and people are protected from harm. MBIE has primary responsibility for regulating building and construction markets, and through the Construction Sector Accord, has a say in how government agencies interact with the market through procurement. The Accord has also established principles of trust and fairness under which it expects all participants to operate. • Value is sustainably derived from the natural environment: MBIE plays a lead role in developing the settings to support the transition to a low-carbon economy, as well as supporting the innovation sector to develop technologies that will support the transition. As regulator of the building and construction sector, MBIE is also setting the construction industry on a path towards zero carbon. • A dynamic business environment fostering innovation and international connections: A well-functioning business environment, where there is healthy competition and low barriers to entry and exit, allows people, skills, and capital to flow to where they are best suited or used. Low firm resilience and productivity in the construction sector make it vital that barriers to innovation are removed and firm performance and productivity is greatly improved.
Does this initiative link with other sectoral or whole-of-government strategies (e.g., the Pacific Wellbeing Outcomes Frameworks)?	<p>Industry Transformation Plans: The Construction Sector Accord was the first of the government's ITPs and is at a more advanced stage than efforts in most other sectors. Learnings are continuously shared across ITP teams, and in particular, the focus on technology in Accord 2.0 will increase opportunities to work with the Digital ITP. Furthermore, the focus on advanced construction practices and innovation will also require close collaboration with the Advanced Manufacturing ITP.</p>
Does this initiative impact other agencies directly or indirectly? If so, how?	<ul style="list-style-type: none"> • Ministry of Housing and Urban Development: The Minister of Housing is the Accord co-lead. The construction sector plays a key role in enabling MHUD to deliver its objectives around new housing supply, including public housing. • Construction and infrastructure agencies (e.g., Ministry of Education, Kāinga Ora, Waka Kotahi: The New Zealand Transport Agency): as signatories to the Construction Sector Accord, members of the Accord Network, these agencies are strong advocates for the Accord's direction, and will be both directly and indirectly impacted by elements of Accord 2.0. Representatives from these agencies have been engaged, and will continue to be engaged, as the plan is developed further. • Te Waihanga – the New Zealand Infrastructure Commission: The Commission's recently released Draft New Zealand Infrastructure Strategy sets the long-term direction for New Zealand's infrastructure, in particular how to overcome major challenges and meet future needs. The Construction Sector Accord was consulted closely during the plan's development, and initiatives within Accord 2.0 will act as enablers for delivery of the strategy in the longer term. • Relevant policy teams and agencies: a number of government agencies develop policy that are directly relevant to the construction and infrastructure sector, such as Ministry for the Environment (land and water use, and RMA), Ministry of Housing and Urban Development (monitoring and regulation of the housing and urban development system), MBIE (skills, industry policy, government procurement, building regulation). Accord 2.0 seeks to create stronger connections across these policy communities, and the Think Tank hopes to be a source of data and insights that can support all relevant government policy teams to make informed policy decisions based on useful data that align with the long-term direction of the sector.

Section 4B: Alignment to Government's goals

The Government's goals for this term are:

- 1) Continuing to keep New Zealand safe from COVID-19
- 2) Accelerating the recovery and rebuild from the impacts of COVID-19
- 3) Laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty

Alignment to Government goals

1. Continuing to keep New Zealand safe from COVID-19: The Accord will continue to coordinate the **sector's response to COVID-19 through its 'Response' workstream, ensuring the implications of future COVID-19 incursions into construction sites are effectively managed and appropriate health and safety protocols are in place.**
2. Accelerating the recovery and rebuild from the impacts of COVID-19: infrastructure is a key sector for protecting jobs and mitigating the economic impacts of COVID-19. A number of programmes under Accord 2.0 will support these efforts, by improving the resilience and prosperity of businesses in the sector, removing barriers to successful project delivery by government and the private sector, increase the capacity and capability of the domestic construction workforce, and improve the productivity and exportability of firms in the sector.
3. Laying the foundations for the future, including addressing key issues such as our climate change response, housing affordability and child poverty: **Accord 2.0 will coordinate the sector's response to climate change, while improving the capability of firms in the sector to manage material supply and cost, improve business processes and embrace developments in training and technology will make a material impact to housing affordability.**

Section 4C: Contribution to the Government's Wellbeing Objectives

The Government's five wellbeing Objectives are:

- Just Transition: supporting the transition to a climate-resilient, sustainable, and low-emissions economy.
- Future of Work: enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation
- Physical and Mental Wellbeing: supporting improved health outcomes for all New Zealanders, including protecting New Zealanders from the impacts of COVID-19.
- **Māori and Pacific: lifting Māori and Pacific incomes, skills, and opportunities, including through access to affordable, safe, and stable housing**
- Child Wellbeing: reducing child poverty and improving child wellbeing, including through access to affordable, safe, and stable housing.

**Please note: these objectives have been agreed by Cabinet subject to wider consultation. The final versions of the objectives will be published in the Budget Policy Statement in December 2021.*

Contribution to Wellbeing Objective(s)

- **Just Transition: Accord 2.0 will coordinate the sector's response to climate change and is already in the process of developing an Environmental Roadmap for Action which will be delivered under Accord 2.0.**
- **Future of Work: Low productivity growth historically for the sector has meant little change in the nature of construction work over previous generations. Emerging technologies and changes to construction materials and processes represent a new era for construction (internationally termed Construction 4.0). Low margins and capacity in the sector make it challenging for businesses to embrace these developments and addressing this will be a key focus for Accord 2.0.**
- **Physical and Mental Wellbeing: construction represents the sector with the third highest number of work-related fatalities since 2012 (Worksafe) and the highest number of suicides. The Accord's focus on improving health and safety practices, while also improving workplace culture and creating more collaborative project environments, are key to addressing these statistics.**
- **Māori and Pacific: A strong Māori construction economy will create an economy of mana and flow-down prosperity to tangata whenua. This includes enhancing Māori construction subject matter expert capability, enhancing Māori regional construction networks, procurement and contracting equity, achieving Māori housing outcomes, partnering with Māori at the governance level of the Construction Accord, and improving Māori youth technical training pathways.**

Section 5: Delivery

Section 5 must be completed for all initiatives. Further information on the questions in this section can be found at **Annex Two** of the Budget 2022 guidance.

Section 5A: Fit with existing activity

The answer must not exceed 1-2 paragraphs.

How does the initiative link with existing initiatives with similar objectives?	<i>Describe how the initiative links with existing services or initiatives, including non-spending arrangements, with similar objectives.</i>	
Is the initiative an expansion or a cost pressure for an existing initiative?	N	<i>If yes, provide a concise overview of how this initiative will expand on or maintain existing services.</i>
		<i>If no, move on to section 5B.</i>

Provide an overview of existing funding levels for this initiative, and/or initiatives with similar objectives, in the two tables below.

	Operating Funding profile (\$m)					Total					
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears						
Existing funding for this/similar initiatives	4.200	0.000	0.000	0.000	0.000	0.000					
Total funding sought for this initiative		Confidential advice									
% change between existing funding and funding sought											
Comments (optional)	Confidential advice										
	Capital Funding profile (\$m)										Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Existing funding for this/similar initiatives		0.000									0.000
Total funding sought for this initiative		0.220									0.220
% change between existing funding and funding sought											
Comments (optional)	<i>Provide explanatory comments to help interpretation of the above baseline figures.</i>										

BUDGET SENSITIVE

Section 5B: Funding sought by input

Provide a breakdown of what the requested funding will purchase. Briefly explain the formula used, or key assumptions made, to calculate the cost of each output. Add additional rows to the table as needed to capture each output separately. Please include which Vote(s) will be impacted by each component.

Formula and assumptions underlying costings	The FTEs will be resources for the PMO function hosted within MBIE to deliver on the secretariat, programme oversight, delivery and monitoring functions to support Plan implementation. The 24.5FTEs sought for the PMO is approximately 6.5 new FTEs additional to the PMO team supporting programme delivery for the current Construction Sector Transformation Plan. The increased PMO resourcing reflects the additional delivery requirements for the Accord 2.0 Plan from 2022 to 2025.
---	--

Input – Operating [Enter <u>one number</u> <u>value</u> per field only into CFISnet]	Funding profile (\$m)					Total
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears	Number values only, i.e., 15 or 100000. Do not enter any text, \$ signs or % signs.

Input Information						
Third party funding for delivery of initiatives (i.e., consultants or bodies within the sector engaged to deliver projects or initiatives)		7.468	6.843	6.643	0.000	20.954

Confidential advice

FTE-specific Input Information (if applicable)						
New FTE funding		3.438	3.368	3.298	0.000	10.104
New contractor funding						
Additional FTE overhead funding		2.407	1.920	1.880	0.000	6.206

Total	Confidential advice					
-------	----------------------------	--	--	--	--	--

# of FTE's (employees and/or contractors)						24.5
What's the % increase in FTE compared to baseline FTE numbers						

Input – Capital	Funding profile (\$m)										Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
One off capital costs such as laptops for FTE		0.220									0.220
Total		0.220									0.220

Appropriations	Confidential advice										
----------------	----------------------------	--	--	--	--	--	--	--	--	--	--

Section 5C: Options analysis

The answer must not exceed 1-2 paragraphs.

Options analysis	<ul style="list-style-type: none"> Do Nothing: terminate the Construction Accord at the expiry of the current Transformation Plan in June 2022. This would mean that while some benefits that the Accord achieved would sustain, system settings would revert
------------------	--

BUDGET SENSITIVE

	<p>back to pre-Accord and the sector would manage transformation and issue resolution in a fragmented and uncoordinated way.</p> <ul style="list-style-type: none"> • Transition the Accord to a non-governmental, sector-led body: the sector is already dense with fee-paying membership bodies and transitioning the Accord to an industry body at this time would undermine the strengths that have underpinned the Accord's success, i.e., objectivity, the partnership approach between government and industry, access to Ministers, connection across portfolios and influence over relevant government agencies in terms of policy and project delivery.
Counter-factual question	<p>The counterfactual of not delivering against each of Accord 2.0's priority areas is as follows:</p> <ul style="list-style-type: none"> • People: there is no entity or organisation across the sector that is responsible for long-term workforce strategy. Some organisations have an interest in workforce issues at a sub-sector level (e.g., MHUD for residential), and there are multiple entities engaged in workforce development and planning (Regional Skills Leadership Groups, ConCOVE, TEC), but none of these entities are engaged in bringing together an industry-wide approach. At a time when workforce shortages risk de-railling New Zealand's attempts to overcome a housing crisis, an infrastructure deficit and chronic skills shortages, this is a critical time to deliver a cohesive long-term strategy in partnership with the sector. There would also be no government entity taking an industry-wide view of improving outcomes for Māori and Pacific people and businesses in construction, given that they currently do not have a significant voice in leadership roles that shape the sector. Furthermore, without the Accord's funding and support, [REDACTED] <p style="text-align: center;">Confidential advice and Commercially sensitive</p> <ul style="list-style-type: none"> • Procurement: construction is the first sector where government procurement has taken a deep and sector-specific leadership role. Since the first COVID-19 lockdown, a cohesive response to government procurement and contracting issues in construction has saved government and industry significant amounts of time and money in legal and dispute resolution fees. Without Accord 2.0, government agencies will continue to operate independently with minimal sharing of insights and practice, and agencies will not have a single point of leadership directing their procurement activity towards any transformational goals or objectives for the industry. Agencies may revert to short-term, transactional and combative procurement and contracting practices, causing a larger number of disputes on projects, and damaging the government's reputation as a delivery entity within the industry. Workforce shortages will mean government is not viewed as a customer of choice and does not acquire sufficient capacity from the market to deliver its needs. • Planet: some businesses and agencies are taking steps towards low-carbon construction products and processes; however, progress is slow, and barriers still exist to making further progress. Without Accord 2.0, the industry will be without a cohesive picture of the future of low-carbon construction, making investments in new products and processes highly risky. There will be no coordinated use of levers, such as regulation, communication and learning, procurement or leadership, to achieve a low-carbon sector, and the commercial interests of different parties in the sector will inhibit the sharing of practice and knowledge. • Progress: New Zealand will fall further behind other OECD economies in terms of productivity in construction, given low uptake and diffusion of innovation in the sector. Other countries (namely UK, Canada and Australia) are making investments in R&D for construction in a way that creates a safe space and shares risk when piloting new technologies or materials. Without the Accord, this will not be possible, and construction will continue to be a slow adopter of advancements in technology, particularly among the vast majority of small firms in the sector. There will continue to be a small number of pilots in pockets of the sector (e.g., prefabrication trialled by Kainga Ora), however this would only be adopted by a handful of firms in the sector that had the capacity to learn and invest • Response: future emerging issues, such as supply chain constraints, challenges with obtaining MiQ capacity, commercial implications of COVID-19 lockdowns, the roadmap for getting the sector back to work under the traffic light system, would not be achieved without the Accord sitting at the centre, able to coordinate the policy response and regularly testing with sector leaders. Accord Forums would not be available to provide Ministers a high-trust environment to engage in collaborative dialogue with the sector. • Data and Insights: the industry will continue to operate without a strategy for collating and centralising relevant data, without short or long-term indicators that can inform decision makers about the health of the sector and provide warning signs for future challenges. There would be no group with the mana to provide long-term direction for industry, and no central coordination of construction-related policy settings across government. There would be no attempt to collate or standardise data about government construction projects, and no ability to identify lessons or common themes across government construction projects.

Section 5D(a): [REDACTED] *Confidential advice*

The answer must not exceed 1-2 paragraphs.

Option overview [REDACTED] *Confidential advice*

BUDGET SENSITIVE

Provide a breakdown of what the minimum viable option would purchase. If the formula used or key assumptions made differ from those used for the primary option, briefly explain these. Add additional rows to the table as needed to capture each output separately.

Formula and Assumptions	Confidential advice										
Input - Operating	Operating Funding profile (\$m)										Total
	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears						
Confidential advice											
Total	Confidential advice										
Input - Capital	Capital Funding profile (\$m)										Total
	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	
Confidential advice											
Total	Confidential advice										
Appropriations	Confidential advice										

Section 5D(b): Scaled option ('existing resource with minimal transformation')

The answer must not exceed 1-2 paragraphs.

Option overview *This option is the minimum viable product option of \$37.264 million.*

BUDGET SENSITIVE

Provide a breakdown of what the minimum viable option would purchase. If the formula used or key assumptions made differ from those used for the primary option, briefly explain these. Add additional rows to the table as needed to capture each output separately.

Formula and Assumptions	<i>This option removes the</i> Confidential advice											
	Operating Funding profile (\$m)											
Input - Operating	2021/22	2022/23	2023/24	2024/25	2025/26 & outyears							Total
Third party funding for delivery of initiatives (i.e. consultants or bodies within the sector engaged to deliver projects or initiatives)		7.468	\$6,843	\$6,643	0							\$20,954
Confidential advice												
New FTE funding		3.438	3.368	3.298	0							10.104
Additional FTE overhead funding		2.407	1.920	1.880	0							6.206
Total		13.313	12.131	11.821	0							37.264
	Capital Funding profile (\$m)											
Input - Capital	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	Total	
One off capital costs such as laptops for FTE		0.220										
Total		0.220										
Appropriations	No change to existing appropriations.											

Section 5E: Monitoring and Evaluation

The answer must not exceed 1-2 paragraphs.

The Construction Sector Accord undertakes a range of monitoring and evaluation activities, to measure progress towards desired impacts and goals, as well as review processes within the Accord to identify potential improvements. Quarterly KPI monitoring summarises relevant indicators of progress towards high-level Accord goals (i.e., labour productivity statistics, and qualification profiles for the construction sector), workstream outcomes (i.e., participation rates of women, Maori and Pacific people in the sector), and initiative level outputs (i.e., engagement with new procurement guidance documents published online). Work is underway to produce a public-facing R Shiny data explorer, with a preliminary version expected early 2022.

The Accord runs an annual survey of construction sector businesses to address data gaps, largely focused on collecting evidence of behaviour and attitudes related to short- to medium-term outcomes. Data from the 2021 Accord survey is currently being analysed and will be compared to 2020 survey data to provide insights into changes in the sector. The Accord contracted an independent provider to conduct an evaluation at this early stage in the Accord programme. The evaluation was intended to collect any evidence of early progress towards Accord goals and provide a critical review of Accord processes. This evaluation report is due December 2021. Future evaluations will be undertaken to provide ongoing insight into progress towards Accord goals.

Section 5F: Implementation readiness

The answer to each question must not exceed 1-2 paragraphs.

Workforce: Are additional FTEs or contractors required?	Y	<p><i>If yes, what kind of skills will be required e.g., policy analysts, administrative support, frontline facing staff?</i></p> <p>The Accord team will seek approximately 10 new FTEs to join the PMO and delivery functions to perform programme leadership, procurement leadership, analysis and advisory roles.</p>
		<p><i>What is the ability to secure the required FTE, considering relevant departmental vacancy information, turnover rates and average salaries of similar roles? [max. 300 characters in CFISnet].</i></p> <p>The Accord team is confident it can attract the right skills to deliver the Transformation Plan.</p>
Workforce: Resourcing considerations	<p><i>If the Public Service Commissioner's Public Service Pay Guidance is relevant to the initiative, how has this been considered in the development of this initiative? Any planned mitigations to reduce any resourcing issues (for example, work programme reprioritisation, in-house training, retention strategies)?</i></p>	
Timeframes	<p><i>What are the timeframes for delivery? Are there any dependencies to delivering this initiative?</i></p> <p>This programme will be delivered in three years, beginning July 2022.</p>	
Delivery Risks	<p><i>What are the key risks to delivering this initiative and what are your plans to mitigate these to ensure delivery? Please outline the risks and associated mitigating actions.</i></p> <ol style="list-style-type: none"> 1. Risk: Programme is perceived as serving the needs of large contractors and companies. Mitigation: Identify and actively engage with key SMEs and small/medium businesses. 2. Risk: Programme benefits are not realised because the barriers to driving transformation are too high. Mitigation: Share risk with industry and influencers. 3. Risk: If change delivered through the Transformation Plan is not measured or measurable, there is the risk that impact is not seen or evidenced. Mitigation: Put a measurement and evaluation framework in place. Build data set. Collect case studies of real change 'on the ground' to share with the sector. 	
Market capacity	<p><i>Explain any market capacity constraints in the production of this initiative's outputs, and any planned mitigations to reduce these issues (including procurement plans).</i></p>	
Previous delivery experience	<p><i>Describe delivery of any previous similar activities, in particular how delivery aligned or differed from the proposed plan (e.g., if significant delays, price overruns or changes to delivery outputs occurred), and key processes in place to ensure delivery (e.g., risk management, governance structures, project management).</i></p> <p>The current Construction Accord Transformation Plan was launched in January 2020. The achievements of the Accord during this time demonstrated the power of what can be achieved when ordinarily disparate groups come together in times of crisis. However, there were some areas identified for improvement, which are now being factored into the design of Accord 2.0 programme leadership, design and delivery structures:</p> <ul style="list-style-type: none"> ● Set clear expectations of central and local government entities' role in leading change across the sector, including how Accord principles should be adopted in their projects. ● The Accord is heavily reliant on the goodwill and time of number of senior executives. Consider professionalising the delivery of workstreams by engaging workstream leads under part-time agreements to increase certainty of time investment. ● The Accord is divided into eight workstreams, which has created a siloed approach to transformation. A more holistic approach could improve delivery. ● Establish impact measures for initiatives, particularly at the outset, to set clear expectations on what initiatives intend to achieve and the data sources required to validate whether they have been successful. ● Ensure that there are adequate resources in the Programme Management Office (Accord team) to manage separate streams of work relating to Transformation Plan delivery, emerging or strategic issues, and corporate or Ministerial responsibilities. ● Consider splitting governance and delivery of transformation versus resolution of emerging or systemic issues, to retain a long-term focus while also remaining relevant and responsive. ● Provide a pipeline of engagement and collaboration opportunities to government agencies so that they can plan for more active contribution to the transformation efforts. ● Ensure workstreams are designed and delivered in a way that is shaped by the voice of the sector by convening reference / working groups to provide regular input on direction. 	

Annex B: Gender Initiative Assessment Template

Note for agencies: Delete this section if not applicable

In Budget 2022, select Education, Employment and Training (EET) initiatives will be required to use the Manatū Wāhine / Ministry for Women’s gender analysis tool “Bringing Gender In” to describe the gender implications of their initiatives. The template is designed to be used in conjunction with Manatū Wāhine / Ministry for Women’s gender analysis tool: “Bringing Gender In” available here: <https://women.govt.nz/gender-tool>. This tool is designed for general policy analysis processes, but the frameworks of how to think about gender will be useful in assisting you to complete this template. Ministry for Women have also attached a high-level draft guide that you can use to step through a gender analysis process.

Initiatives will be analysed for the magnitude of impact on women and girls, the demonstrable or clear intervention logic of investment and output directly supporting women/wāhine Māori and girls, and how the initiative supports women/wāhine Māori and girls within the Government’s wider wellbeing objectives – for example, will women be proportionally benefited from the impact and outcomes of the wellbeing objective that you describe?

Impacts on women and girls

This table summaries for assessment your gender analysis assessment of your initiative. There are spaces to outline the impact across all women and girls, specifically on wāhine Māori, and space to include impacts [if applicable] on other diverse groups of women.

What kind of impact does the initiative have on wāhine Māori?	A	Direct	✓	Indirect		No Impact	
	<p>The Construction Transformation Plan will support the transition to an equitable sector by enabling businesses to unlock the value of diversity for economic and social prosperity.</p> <p>Through the Construction Transformation Plan, we will help raise the collective consciousness of the benefits that diversity and inclusion could offer to the construction sector. Organisations will be equipped with greater understanding of their own position in relation to best practice, and this will serve as a catalyst for further programmes to be implemented to improve access to a more diverse talent pool.</p> <p>The Accord’s roadmap toward diversity equity and inclusion will highlight opportunities for the sector to improve its attractiveness to all people. The benefits realised from diversity and inclusion are multi-dimensional, including social outcomes and productivity outcomes. The roadmap will be taken forward in the coming year.</p>						
	B	Targeted and tailored for wāhine Māori		Disproportionate positive impact		Other explain	✓
	<p>The Construction Transformation Plan will help organisations see where opportunities for wāhine Māori exist in the sector and how to make those opportunities accessible.</p>						
What kind of impact does the initiative have on women and girls?	A	Direct	✓	Indirect		No Impact	
	<p>The Construction Transformation Plan will support the transition to an equitable sector by enabling businesses to unlock the value of diversity for economic and social prosperity.</p> <p>Through the Construction Transformation Plan, we will help raise the collective consciousness of the benefits that diversity and inclusion could offer to the construction sector. Organisations will be equipped with greater understanding of their own position in relation to best practice, and this will serve as a catalyst for further programmes to be implemented to improve access to a more diverse talent pool.</p> <p>The Accord’s roadmap toward diversity equity and inclusion will highlight opportunities for the sector to improve its attractiveness to all people. The benefits realised from diversity and inclusion are multi-dimensional, including social outcomes and productivity outcomes. The roadmap will be taken forward in the coming year.</p>						
	B	Targeted and tailored for women and girls		Disproportionate positive impact		Other explain	✓

BUDGET-SENSITIVE

		The Construction Transformation Plan will help organisations see where opportunities for women exist in the sector and how to make those opportunities accessible.					
If the initiative impacts another specific group of women and girls, please detail the group and the impacts here.	A	Direct	✓	Indirect		No Impact	
		Growing women in construction and infrastructure into leadership positions.					
	B	Targeted and tailored for [specific group]		Disproportionate positive impact		Other <i>explain</i>	✓
		The Accord's diversity roadmap will help organisations see where the opportunities exist for growing women already in the sector into future leadership roles.					

Contribution to the Government’s Wellbeing Objectives

This table provides a space to outline the impact of your initiative on women / wāhine Māori specifically related to the Government’s five Wellbeing Objectives. In this table, you will also need to consider the impact of the initiative and whether this impact is proportionally beneficial to women / wāhine.

Department to complete relevant sections. If not applicable, **please fill in N/A. The Government’s five wellbeing Objectives for Budget 2022 are:**

- Just Transition - Supporting the transition to a climate-resilient, sustainable and low-emissions economy while building back from COVID-19
- Future of Work - Enabling all New Zealanders and New Zealand businesses to benefit from new technologies and lift productivity and wages through innovation, and support into employment those most affected by COVID-19, including women and young people
- **Māori and Pacific - Lifting Māori and Pacific incomes, skills and opportunities, and combatting the impacts of COVID-19**
- Child Wellbeing - Reducing child poverty and improving child wellbeing
- Physical and Mental Wellbeing - Supporting improved health outcomes for all New Zealanders and keeping COVID-19 out of our communities.

Alignment/ contribution to supporting women and girls to meet the **Government’s** wellbeing objective(s)

Just Transition –

One of four priorities for the Accord 2.0 is to promote the adoption of advanced products and practices that **contribute to Aotearoa New Zealand’s** climate and environmental commitments. Accord 2.0 will coordinate the **sector’s response to climate** change and is already in the process of developing an Environmental Roadmap for Action which will be delivered under Accord 2.0. Girls, women / wāhine Māori will indirectly benefit from the **improvement of Aotearoa New Zealand’s** environment and reduction in climate emissions.

Future of Work –

The Accord’s diversity roadmap will help organisations see where the opportunities exist for growing women / wāhine Māori already in the sector into future leadership roles.

Māori and Pacific –

The Construction Transformation Plan will **support the creation of a strong Māori economy that enables the flow-**down of prosperity to tangata whenua, including **wāhine Māori**, to resolve inequities in Aotearoa New Zealand.

The Accord 2.0 will help organisations see where opportunities for **wāhine Māori** exist in the sector and how to make those opportunities accessible.