



COVERSHEET

Minister	Hon Jenny Salesa	Portfolio	Building and Construction
Title of Cabinet paper	Draft Construction Industry Accord	Date of release	1 August 2019

List of documents that are to be proactively released

Date	Title	Author
28 January 2019	Draft Construction Industry Accord	MBIE

Information redacted: Some information withheld under 9(2)(a) to protect the privacy of natural persons. The draft Accord has been withheld as the final published version is available at www.constructionaccord.nz.



BRIEFING

Draft Construction Industry Accord

Date:	28 January 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	2242 18-19

Action sought		
	Action sought	Deadline
Hon Jenny Salesa Minister for Building and Construction	<p>Note progress on the development of the Construction Industry Accord</p> <p>Provide feedback from you and your colleagues on the draft Construction Industry Accord</p> <p>Forward this briefing to Ministers Twyford, Parker, Lees-Galloway and Jones, who are overseeing the development of the Construction Industry Accord.</p>	4 February 2019

Contact for telephone discussion (if required)				
Name	Position	Telephone		1st contact
Anna Butler	General Manager, Building System Performance	04 901 1602	Privacy of natural persons	✓
Judy Zhang	Manager, System Strategy and Performance	04 897 5131	Privacy of natural persons	

The following departments/agencies have been consulted

Minister's office to complete:

- | | |
|---|--|
| <input type="checkbox"/> Approved | <input type="checkbox"/> Declined |
| <input type="checkbox"/> Noted | <input type="checkbox"/> Needs change |
| <input type="checkbox"/> Seen | <input type="checkbox"/> Overtaken by Events |
| <input type="checkbox"/> See Minister's Notes | <input type="checkbox"/> Withdrawn |

Comments



BRIEFING

Draft Construction Industry Accord

Date:	28 January 2019	Priority:	High
Security classification:	In Confidence	Tracking number:	2242 18-19

Purpose


This briefing provides you with the draft Construction Industry Accord and seeks feedback from you and your Ministerial colleagues.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

- a **Note** the Construction Industry Accord (the Accord) is being developed for publication in April 2019.
- b **Note** progress on the development of the government's commitments in the Accord, which is enclosed in draft for Ministers' feedback.
- c **Note** the Industry Development Group will meet on 29 January 2019 to discuss industry's contribution to the Accord, after which the draft Accord will be progressed further.
- d **Discuss** the draft Accord with your colleagues who have relevant portfolio interests.
- e **Provide feedback** from you and your colleagues on the draft Accord to officials.
- f **Forward** this briefing to the Ministers for/of Housing and Urban Development, Economic Development, Infrastructure, and Workplace Relations and Safety.

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Anna Butler
General Manager, Building System
Performance
Building, Resources and Markets, MBIE
28/1/19

Hon Jenny Salesa
Minister for Building and Construction

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Purpose of paper

1. This paper provides you with the draft Construction Industry Accord (the Accord) and updates you on progress.
2. MBIE officials seek initial feedback on the draft from you and your colleagues with relevant portfolio interests who are overseeing the development of the Accord, in order to finalise the Accord for Ministers' review before Cabinet approval is sought for its publication and launch in April.

MBIE is developing a Construction Industry Accord in partnership with industry

3. In October 2018, Ministers directed MBIE to develop the Accord in partnership with industry, to be launched in April 2019.
4. The purpose of the Accord is to strengthen the government and industry partnership to ensure the sustained transformation of the construction industry for the success of New Zealand and New Zealanders. It is consistent with a number of other government and industry initiatives to strengthen the construction industry, including the Construction Skills Action Plan and the Industry Transformation Agenda.
5. The Accord is also intended to reinforce the Coalition Government's commitment to the success of the construction industry, which is strategically important to many aspects of New Zealand's economic growth and social wellbeing, and currently faces a number of challenges.
6. MBIE has been working with other agencies and industry to produce the government's commitments in the Accord. It is being developed at pace and Cabinet's approval of its publication will be sought in early April for public launch in April 2019. Following the launch, government and industry will use the principles, goals and commitments to guide its work together on sustained transformation of the construction industry.

The Industry Development Group is discussing its commitment and contribution to the Accord

The Industry Development Group is meeting on 29 January

7. The Industry Development Group for the Accord, chaired by Peter Reidy (CEO of Fletcher Buildings), brings together industry leaders from across the building and construction sector to form a mutual commitment with government and provide advice on industry input into the Accord.
8. The group's broad membership reflects the multiple groups working to strengthen the construction industry and the diversity of the industry itself. As such, it includes business and industry leaders also involved with the Building Advisory Panel, Construction Industry Council, Vertical Leaders, Business Leaders' Health and Safety Forum and Industry Transformation Agenda.
9. The group has its first meeting on 29 January 2019 to discuss its contribution to the Accord.
10. Annex Two details the purpose and membership of the Industry Development Group. It also provides details for the Expert Reference Groups the draft Accord will be tested with, and the supporting Secretariat.

This discussion will determine industry's contribution in response to the draft

11. The expectation is that in the final Accord, the Industry Development Group will respond to government's commitments with its own actions. Mutual commitment and collective action by government and industry is critical to addressing the challenges in the construction industry. There is a significant leadership challenge in the sector, and the success of the Accord needs industry leaders to direct, drive and support sustained change.
12. There have been ongoing conversations in preparation for the upcoming Industry Development Group meeting with the Chair Peter Reidy. There has been acknowledgement both that the sector wants to step up its commitment to industry transformation through the Accord, and that doing so requires a significant amount of work.
13. MBIE will brief you on the group's discussion and decisions following the meeting.
14. In the meantime, MBIE seeks feedback from you and your colleagues on the government's commitment to the construction industry, and actions to support it, as set out in the draft Accord. Following the outcome of the meeting, MBIE officials will look at the content and form of the Accord for the April launch.

The draft Accord sets out the government's commitment to the construction industry

15. MBIE has been working with other agencies to develop government's key commitments, priorities and actions in the draft Accord. The draft signals a significant programme of work that demonstrates the government's focus on working with the construction sector to transform the industry. It provides a clear call to action for industry for development of the final Accord.
16. The draft Accord is enclosed as Annex Two. It sets out:
 - a. The Ministers overseeing the development of the Accord
 - b. Purpose, vision, and the principles proposed to guide how government and industry will work together
 - c. Six key priorities for change in the construction industry:
 - i. Workforce capacity and capability
 - ii. Procurement and pipeline management
 - iii. Regulations and consenting
 - iv. Risk balancing
 - v. Workplace health and safety
 - vi. Housing durability and affordability.
 - d. The actions government has put forward under each priority, to demonstrate its commitment to the sector and role in collective action to transform the construction industry.

MBIE seeks Ministers' feedback on the government's commitments in the Accord

17. To ensure the Accord reflects Ministers' aspirations for government and industry commitment to growing the construction industry, and aligns with Ministers' expectations for the actions government agencies will commit to as part of the Accord, we seek initial feedback from you and your colleagues on the draft.
18. You have indicated that you will test and discuss the draft with your colleagues with relevant portfolio interests who have been overseeing the development of the Accord: Ministers for/of Housing and Urban Development, Economic Development, Workplace Relations and Safety, and Infrastructure.
19. Annex One provides you with talking points and questions to support discussion with your colleagues.

Next steps

20. Officials will use your feedback, and the outcomes of the Industry Development Group meeting on 29 January, to progress the Accord.
21. The final Accord will be sent to you and the Ministers above for review in mid-February. At this time we will also provide advice on publication options for the Accord.
22. MBIE will then prepare a Cabinet paper in order for you to seek approval of the Accord at the Cabinet Economic Development Committee in early April. We are working with your Office to organise the public launch of the Accord.

Annexes

Annex One: Talking points for seeking feedback from Ministerial colleagues

Annex Two: Industry Development Group purpose and membership

Annex Three: Draft Construction Industry Accord

Annex One: Talking points for seeking feedback from colleagues

Talking points to update Ministers on the draft Construction Industry Accord

Overview

- I seek your feedback on the draft Construction Industry Accord (the Accord).
- In October 2018 we directed the Ministry of Business, Innovation and Employment (MBIE) to work with other agencies and the construction industry to develop the Accord.
- The purpose of the Accord is to establish and strengthen a mutual government and industry partnership to ensure the sustained transformation of the construction industry for the success of New Zealand and New Zealanders.
- I also see the Accord as a reinforcement of the Coalition Government's commitment to supporting the construction industry, which faces challenges that cut across our portfolios.

Government's commitments in the draft Accord

- The draft Accord sets out the purpose, vision, guiding principles, and key priorities for change. It details the actions the government will commit to under each priority area.
- I seek your feedback on the government's commitments and actions, which signal a significant programme of work across agencies.

Industry's contribution to the draft Accord

- The Industry Development Group, which is tasked with forming a mutual commitment with government and providing advice on industry input into the Accord, is meeting this week to discuss industry's contribution.
- Agency officials expect the Industry Development Group to respond to the government's commitments with its own actions in the final Accord. The government is clear that sustained transformation of the construction industry requires collective action and industry leadership.
- I also seek your view on what you expect industry to commit to in the final Accord.

Next steps

- Once I have provided your feedback to officials, and the Industry Development Group has confirmed its contribution, the Accord will be updated for our final review in mid-February. I will then seek Cabinet approval of the Accord in early April, for launch at Parliament in April 2019.

Questions you may want to ask your colleagues

- Does the draft Accord align with your expectations of what government's commitments are to strengthen the construction industry?
- Is the draft consistent with how you see government agencies working to bring about change in the construction industry?
- What, and how much, do you want to see industry committing to in the Accord?
- Does the draft provide the clarity and purpose to drive this work forward after the Accord is launched?
- Do you think anything else is missing or needs to change?

Annex Two: Industry Accord Groups – purpose and membership

The Industry Accord Groups document is enclosed.

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ACCORD DEVELOPMENT – KEY PARTICIPANTS

Accord Development Group

Purpose

To draft a prototype Accord comprising shared principles for a thriving construction sector for subsequent testing. To consider how these shared principles align with existing development activities occurring across the sector

Approach

This is a time bound group with a specific task, not a new permanent group. This development group will develop the prototype Accord over 2 workshops in late January and late February. The parameters of the work will be informed by the discussion outcomes of the Roundtable meeting on 11 December in Auckland. It will be supported in its work by a co-opted Secretariat, sourced from existing stakeholder groups. The Terms of Reference will be agreed at the first meeting.

Name	Role	Organisation	Supply chain role	Additional responsibilities
1. Peter Reidy	CEO	Fletcher Construction	Commercial and civil constructor	Forum Steering Group member Infrastructure NZ member Civil Contractors member
2. Chris Bunny	DCE	MBIE	Building and construction regulator Government procurement lead	Convener – Building Advisory Panel
3. Rick Herd	CEO	Naylor Love	Commercial constructor	Vertical Leaders CHASNZ board member
4. Steve Killeen	CEO	Downer NZ	Commercial and civil constructor	Board member, CHASNZ Infrastructure NZ member Civil Contractors member
5. Raveen Jaduram	CEO	Water Care	Utilities client	Forum Steering Group member Infrastructure NZ member
6. Michael Sentch	Owner	Project Unite	Specialist Trades	Executive member of NZ Specialist Trade Contractors Federation
7. Juergen Link	GM Assets and Technology	Fonterra	Private sector client	
8. Steve Evans	CEO	Fletcher Residential	Residential constructor	
9. Roger McRae	Chair	CHASNZ	Construction health and safety	Governance roles in range of construction players
10. Bill Newson	National Secretary	E Tu	Worker representative	CHASNZ board member
11. Doug Johnson	Managing Director	Tonkin & Taylor	Design Engineers	Business Leaders' H&S Forum member
12. Janine Stewart	Partner	Minter Ellison	Construction lawyer	Member, New Zealand Society of Construction Law Member, Building Advisory Panel
13. Dave Kelly	CEO	Registered Master Builders	Residential and commercial constructors	Chair, Construction Industry Council Member, Building Advisory Panel
14. Geoff Hunt	Independent	Independent	Independent	Independent

Expert reference groups

Purpose

To validate and test the prototype Accord, including how effectively it aligns and leverages existing work
To identify other influential sector players that need to be involved in the development process.
To provide stakeholder and leadership support to the socialisation of the Accord.

Approach

Reflecting the intent to maintain momentum, these expert reference groups will likely be convened virtually to provide insights and feedback on the Development Group's efforts.
There may well be the need for a specific meeting of some of these expert reference groups on particular issues.
There will a broader meeting of all key participants from these expert reference groups (and others) in March to pressure test and validate the initial Accord prototype.

Colour Code

Yet to be approached

Involved in initial roundtable

Name	Role	Organisation	Supply chain role	Additional responsibilities
Clients				
1. Shane Ellison	CEO	Auckland Transport	Public sector client	CHASNZ board member
2. Andrew Crisp	CEO	Ministry of Housing and Urban Development	Public sector client	
3. Susan Huria	Trustee	CHASNZ	Client	Deputy Chair Ngai Tahu Property
4. Laurence Pidock	Director, Commercial Procurement	Ministry of Education	Public sector client	
5. Brett Gliddon	GM, System Design and Delivery	NZTA	Public sector client	
6. Peter Fehl	Director, Property Services	Auckland University	Client	
7. David Langford	GM	New Plymouth District Council	Local Government client	
8. TBC	Senior level	Treasury		
9. TBC	Head	Government Infrastructure Body		
Vertical construction				
10. Gary Walker	GM	Hawkins Building Projects	Commercial constructor	Site Safe board member
11. Brendon Vincent	GM	Cassidy Construction	Commercial constructor	Vertical Leaders Site Safe Board member
12. Ken Forrest	CEO	Arrow International	Commercial constructor	
13. Graham Burke	President	Specialist Trade Contractors Federation	Specialist trades	CHASNZ board member
Civil construction				
14. Fraser Wylie	Managing Director	McConnell Dowell	Civil constructor	
15. Cos Bruyn	Managing Director	Fulton Hogan	Civil constructor	Infrastructure NZ member
16. Peter Silcock	CEO	Civil Contractors NZ	Civil constructors	
17. Hugh Goddard	GM	Pipeline and Civil	Civil constructor	Business Leaders' H&S Forum Steering Group member
Residential Construction				
18. Nigel Smith	CEO	Milestone Homes	Residential constructor	Board member, CHASNZ and Reg. Master Builders
19. Rob Sloan	General Manager	Enterprise Homes	Residential constructor	Chair, Canterbury Rebuild Charter
Professional services				
20. Darryl-Lee Wendleborn	Managing Director	Beca NZ	Consulting engineers	CHASNZ board member
21. Craig Davidson	Managing Director NZ	AECOM	Consulting engineers	
22. Carl Devereux	Regional Director NZ	Aurecon	Consulting engineers	
23. Teena Hale Pennington	CEO	NZ Institute of Architects	Consulting engineers	

System stakeholders			
24. Chelydra Percy	CEO	BRANZ	Construction research
25. Chris Ellis	Director	Independent	Independent
26. Nicole Rosie	CEO	WorkSafe NZ	Health and safety regulator
27. Chris Alderson	CEO	CHASNZ	Construction health and safety
28. George Adams	Chair	Business Leaders' H&S Forum	Health and safety leadership
29. Sheridan Broadbent	Director	Independent	Independent
30. Amanda Warren	Director	Constructing Excellence NZ	Client
31. Brett Murray	CEO	SiteSafe	H&S training provider

Accord Secretariat

Purpose

To provide key support for the development of the Prototype Accord

Approach

The Secretariat is explicitly sourced from existing stakeholder groups, reflecting the intent not to establish another entity, but to develop some shared principles. The Secretariat will provide the most intensive support to the Development Group. It will also provide the necessary facilitation and coordination support for the validation process, as appropriate.

Capability

In order to provide this support, the Secretariat will require a range of capabilities:

- Analytical capability (systemic, performance and strategic)
- Good writing + design capability
- Coordination capability for workshops and validation sessions
- Senior connections and relationships into government decision making processes

Organisation	Key personnel	Anticipated contribution type	Roles and responsibilities
MBIE	Anna Butler Judy Zhang	Financial support Process liaison, including Ministerial interface.	TBC
BRANZ	Chelydra Percy	Analytical capability Performance monitoring and evaluative capability	TBC
WorkSafe NZ	Nicole Rosie Paula Knaap	Analytical capability	TBC
CHASNZ	Chris Alderson	Construction safety capability Client group advisory liaison	TBC
Business Leaders H&S Forum	Francois Barton	Facilitation and coordination support	TBC

Annex Three: Draft Construction Industry Accord

The draft Accord has been withheld as the final published version is available at www.constructionaccord.nz.

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