

**CONSTRUCTION**  
SECTOR ACCORD

**2021 IN REVIEW**

APRIL 2022

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## PURPOSE

This document provides an overview of the Construction Sector Accord (the Accord) and its progress during calendar year 2021 towards addressing systemic challenges to transform the construction sector.





# INTRODUCTION

The Construction Sector Accord is a joint commitment from government and industry to create a high performing construction sector.

It was launched by the Prime Minister and Ministers in April 2019 as a partnership between government and industry leaders. Since then, it has proven its value as a platform for industry and government to share responsibility for leading the sector towards a high performing future and improved outcomes for New Zealanders.



*Prime Minister Jacinda Ardern signs the Accord Pledge at the launch of the Accord, April 2019*

The Accord enables government and industry leaders to achieve improved outcomes for New Zealanders and realise the Accord's shared goals:

- › **Increase productivity** – A productive, value-driven and efficient construction sector able to produce more for each dollar spent
- › **Raise capability** – A skilled and capable workforce that meets New Zealand's growing housing and infrastructure needs
- › **Improve resilience** – Strong, sustainable businesses with the capacity to innovate and adapt to change and disruption
- › **Restore confidence, pride and reputation** – A high-performing, transparent and trusted sector we can all be proud of.

## The Construction Sector Transformation Plan

In January 2020, the government launched the **Construction Sector Transformation Plan**, the inaugural industry transformation plan. It sets out a programme of work to address challenges facing the sector, including skills and labour shortages, unclear regulations, lack of coordinated leadership, an uncertain pipeline of work, and a culture of shifting risk.

It covers eight focus areas, or workstreams, that will drive culture change and help create a better construction sector for all.

The Transformation Plan formally comes to an end on 30 June 2022 and work is underway on 'Accord 2.0' next phase of the transformation journey.

## Accord Principles



### Build trusting relationships

- › Being accountable
- › Acting with empathy and respect
- › Focusing on delivering quality
- › Being transparent on the value and allocation of risk
- › Working in a collaborative and inclusive way



### Value our people

- › Fostering careers to nurture the industry's future
- › Recognising and rewarding effort and success
- › Embracing diversity and inclusion
- › Supporting better outcomes for Māori
- › Prioritising health, safety and mental wellbeing



### Be bold

- › Fostering innovation, and research and development
- › Not accepting conduct and culture contrary to the principles of the Accord
- › Sharing success and learning from failure
- › Focusing on whole of life value when buying and building



### Act with collective responsibility

- › Planning for the long term
- › Acting as a custodian for the sector's future
- › Sharing knowledge and lessons learnt
- › Prioritising environmental sustainability

## Who's involved?

The Accord leadership groups include more than 80 leaders from public and private sectors including major civil, commercial and residential construction companies, property developers, industry and professional bodies, and unions. People from all parts of the construction ecosystem have signed up through the Accord website to get involved in sector transformation, and hundreds of sector participants have attended regular Accord webinars.

During 2021 the **Accord Network** was launched as a way for leaders and businesses to join a community committed to positive change in the construction sector. Organisations that join the Accord Network commit to a high standard of behaviour based on the **Accord principles**.

**Accord Ministers** and Accord agencies are also signatories to the Construction Sector Accord. The Ministerial group, chaired by the Minister for Building and Construction, meets regularly to discuss and advance government and industry's shared priorities for the construction sector.

## Accord Ministers

- › Minister for Building and Construction – Hon Poto Williams (Co-lead)
- › Minister of Housing – Hon Dr Megan Woods (Co-lead)
- › Minister for Economic and Regional Development – Hon Stuart Nash
- › Minister of Education – Hon Chris Hipkins
- › Minister of Finance and Minister for Infrastructure – Hon Grant Robertson
- › Minister of Health – Hon Andrew Little
- › Minister for Local Government – Hon Nanaia Mahuta
- › Minister for Workplace Relations and Safety, and Minister for Transport – Hon Michael Wood



*Hon Michael Wood, Hon Grant Robertson and Hon Poto Williams attended the launch of the Accord Network at Parliament, August 2021*



# MESSAGE FROM ACCORD STEERING GROUP CO-CHAIRS

## Moving past COVID-19 towards 'Accord 2.0'

In 2020, COVID-19 was new and terrifying. Its arrival delivered a jolt of energy that fueled exceptional leadership and collaboration between government and industry, via the Accord.

Since those extraordinary days of autumn 2020 the industry has not only survived, it has leapt into full-on boom mode. Quarter upon quarter, building consents reach new record levels and one striking statistic from MBIE'S recent **Building and Construction Sector Trends** report was that from June 2020 to June 2021, construction was the industry with the largest percentage increase in filled jobs: 6.1%.

So, in 2021 the COVID-19 story has been different, and even more testing when overlaid with the intense demand, supply chain issues, rolling price rises, workforce shortages and the long and disruptive lockdown, principally in Auckland.

The Accord has again been an important conduit and forum for the industry to talk to government and vice versa. Its composition of broad industry representation and senior government figures gives it a unique role.

In fact, as a draft evaluation of the Accord puts it, the Accord has become the 'go-to place' for government and industry dialogue on building and construction sector issues, and it has stimulated some shifts in behaviour and culture, including greater trust and better relationships and collaboration between government and industry.

As Finance Minister Grant Robertson told this year's Building Nations event, the Accord "has been an amazing development" in relation to its work on construction skills, and Housing Minister Hon Megan Woods called it a "fantastic grouping" for its COVID-19 response work.

*"The Construction Sector Accord's been an amazing development... much more clarity around where construction needs are and how we can reach into a new generation of people who work in the sector."*

Finance Minister Grant Robertson to the Building Nations event, 16 November 2021



It coordinated the industry's request for construction MIQ places and since June 2021 has administered the monthly allocation. Most recently it has developed a Roadmap towards a sustainable construction sector in a COVID-19 environment, with a set of tools and protocols allowing construction and related activities to continue as New Zealand and our sector move to living and working with COVID-19.

But the COVID-19 story cannot be allowed to define the Accord. During 2021 we launched the Accord Network and membership has more than doubled since the launch. The inaugural Beacons Awards took place at the Building Nations conference, sadly this year a virtual not physical event. Beacons champion good practice and share lessons across the industry, and New Plymouth District Council blew the judges away with its supply chain leadership approach.

The Accord's many other achievements are described below. However, the Transformation Plan comes to an end on 30 June 2022 and the Accord's transformation goals will not be reached in the few short months remaining. Planning has commenced on 'Accord 2.0' identifying what changes are needed from July 2022 to ensure that the Accord continues to support the transformation process.

The draft evaluation referred to earlier challenges the Accord to better align effort on key

transformational activities, improve clarity of purpose and outcome, and widen participation to a broader group of stakeholders.

The Accord 2.0 development process is well underway and a glimpse of its ambition is seen in the recent **Building for the Future** document, which points to the innovation the sector must adopt in coming years.

New themes include the need for a greater focus on the Māori construction ecosystem and greater use of insights and evidence to inform learning systems and innovation across our sector. Above all, the sector must find ways to reduce its carbon emissions: if New Zealand is to achieve its climate change goals, including net zero carbon by 2050, the building and construction sector must play its part.

An important animating principle for Accord 2.0 is that it must catalyse transformation by unleashing capabilities and strengthening relationships. It must inspire and lead towards a thriving sector, working in partnership with system participants, rather than carry out all of the work itself.

That highlights the tension between immediate tasks such as administering MIQ places, and transformational goals such as increasing productivity. The Accord can do some of the former, but it must focus on the latter.

As co-chairs we look forward to helping drive the Accord on its journey to a new set of transformational goals.

## Accord highlights for 2021

- › Accord Network launched, with membership now approaching 250
- › Inaugural Beacons Awards presented
- › Completion of Construction Sector Environment Roadmap for Action
- › Supporting Engineering NZ to establish independent panel of Engineers to the Contract
- › Supported development of CHASNZ vaccination risk assessment protocols
- › Support for construction vaccination awareness and preparedness for the COVID-19 Protection Framework, including 'Cainan's story' pro-vaccination message viewed 60,000+ times on Accord LinkedIn
- › Release of guidance on achieving Broader Outcomes in construction procurement
- › Review of NZS3910 construction contract launched, with NZ Infrastructure Commission Te Waihanga
- › Construction skills strategy, Construction Diversity Roadmap, Infrastructure Skills Centre pilots with industry all underway
- › Reform of Vocational Education (RoVE) supported, including creation of Construction and Infrastructure Centre of Vocational Excellence (ConCOVE) and Waihanga Ara Rau Workforce Development Council
- › Specialist Trades Benchmarking product in development
- › Working with **Digital Boost** to support greater online capability in construction.



**Peter Reidy**  
CE, Fletcher  
Construction



**Chris Bunney**  
Deputy Secretary,  
Ministry of Business,  
Innovation and Employment

# SECTOR CONTEXT

## Sector booming but feeling the headwinds

The building and construction sector is a significant contributor to New Zealand's economy. It contributed around 7% of total GDP in 2019<sup>1</sup> and employs over 10% of the national workforce.<sup>2</sup> The sector has continued to see a growth in employment numbers over the last year,<sup>3</sup> and, despite COVID-19 restrictions, has seen steady growth in business numbers.<sup>4</sup>

The building and construction sector is a major contributor to New Zealand's economy:



MBIE's **Sector Trends Annual Report 2021** found that the sector remained strong in the past year despite challenges faced as a result of the COVID-19 pandemic. Building consent numbers reached record-level highs and the workforce grew and gradually became more diverse, alongside a steady pipeline of domestic students and apprentices. The building landscape is also changing with the introduction of innovative building designs, technologies and materials.

Despite this the sector is facing challenges, arising primarily from the COVID-19 pandemic. MBIE's September 2021 **report on the pandemic and its impact on building system actors** noted issues with:

- › Rising costs of construction, in particular for products and freight
- › Supply chain issues affecting both NZ-made and imported products
- › Difficulty finding suitable staff to do the work.

*"Capacity pressures remain very acute in the building sector, but building sector firms are finding it easier to pass on higher costs by raising prices."*

NZIER Quarterly Survey of Business Opinion  
October 2021

1 Stats NZ. Infoshare. GDP(P), Nominal, Actual, ANZSIC06 industry groups / <https://www.stats.govt.nz/tools/which-industries-contributed-to-new-zealands-gdp>

2 Stats NZ **Household labour force survey: September 2021 quarter** (Table 9)

3 Stats NZ **Household labour force survey: September 2021 quarter** (Table 9)

4 Source



## More jobs, more women in those jobs, more diversity

Statistics indicate that the industry is becoming more diverse. In 2020 one-third of the construction workforce identified as being of Māori (15%), Pacific (7%), or Asian (11%) ethnicity, an increase of 2% from 2018.<sup>5</sup>

The sector employed 291,800 people in the quarter ended September 2021, with 14.4% of these being female, up from 13.1% in September 2019 quarter.<sup>6</sup>

About 195,000 of the total number are in paid employment with the rest being classified as an employer, or as self-employed with no employees.



## Full pipeline ahead

Government procurement is 20% of New Zealand construction and government can take a lead in setting procurement standards. According to MBIE'S **National Construction Pipeline Report 2021**, construction activity held up well against the COVID-19 pandemic and that is expected to continue.

Total construction value fell by 5.7% in 2020 to \$42.6bn and for 2021 MBIE forecasts it will grow to about \$48.3bn in 2024, driven by the continued strength of the residential sector. Residential buildings contributed 58% of total construction value in 2020.

There are 2,588 projects currently in the **New Zealand Infrastructure Commission, Te Waihangā pipeline**, valued at over \$64 billion. These are primarily sourced from government, councils and utility services. The Pipeline includes projects that have a level of certainty around timing and includes projects from 159 organisations.

\$29 billion worth of government projects are in the early planning or planning stage, suggesting a healthy longer-term pipeline of work. \$24 billion worth of projects in the pipeline are under construction including a number of 'shovel-ready' infrastructure projects.

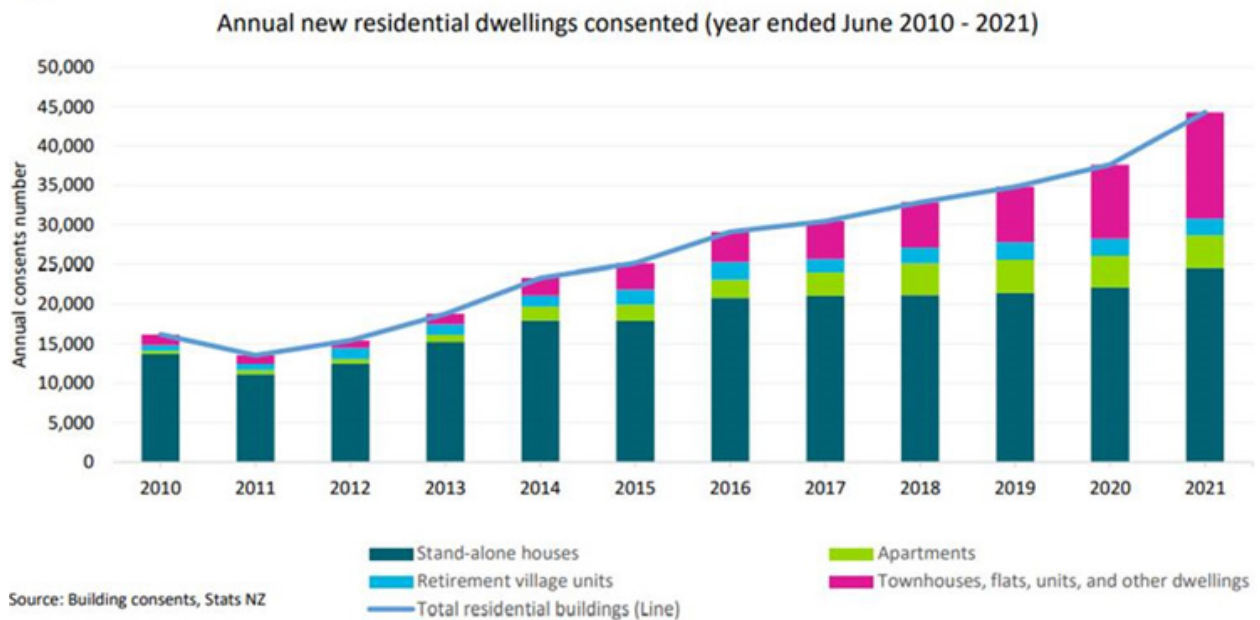
<sup>5</sup> **Building and Construction Sector Trends – Annual Report 2021** ([mbie.govt.nz](https://mbie.govt.nz))

<sup>6</sup> **Household labour force survey: September 2021 quarter** (Table 9)

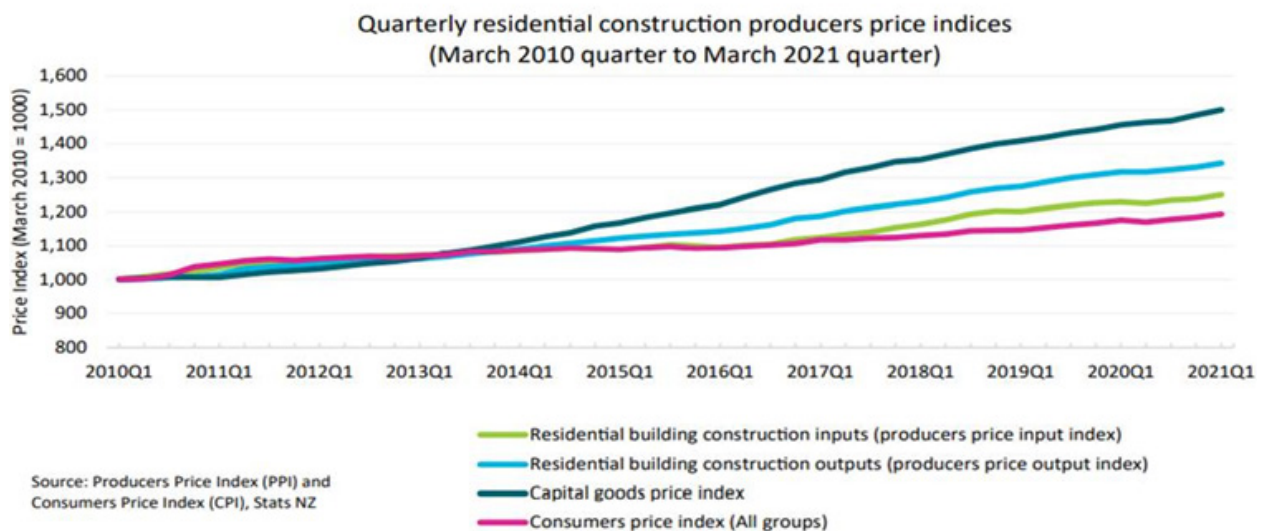
## Building consents up 26%

There were 47,715 new dwellings consented in the year to October 2021, up 26% from 37,981 in the previous year to October.

### *Residential consents at record levels ...*



### *... but prices heading up*

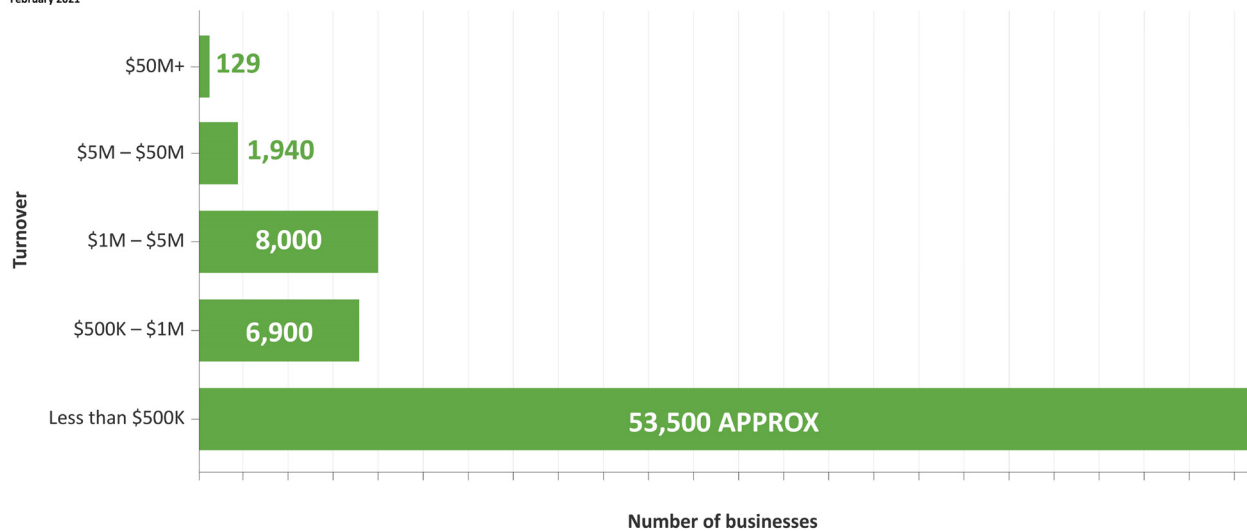


## Small and very small businesses dominate

The sector remains dominated by small turnover businesses with low headcount.

**Stats** **NZ**  
Tatauranga Aotearoa  
February 2021

### NZ Construction industry by turnover



SOURCE: BCITO, Master Builders



## COVID-19 RESPONSE

Construction was better prepared to respond to COVID-19 disruptions during 2021 and the Accord was again able to bring industry and government together to ensure clear communication. The Accord Forum met weekly in the early stages of the lockdown that began on 17 August. This communication was especially important in supporting the government's response to supply chain issues during the lockdown.

The Accord worked with partners including CHASNZ, Ministry of Health, District Health Boards and with MBIE's Building Systems Performance branch to support the COVID-19 response, with support for vaccination initiatives and communication to the sector.

Work facilitated by the Accord, including development of the COVID-19 Roadmap, has enabled a swift and considered response to how construction health and safety protocols could be applied to the traffic light COVID-19 Protection Framework.

### MIQ places for construction sector

The Accord facilitated provision of 60 places per month for critical construction workers under MIQ group allocations between June 2021 and March 2022. Since June 2021 it has administered the application process, convening an industry panel<sup>1</sup> to assess and prioritise the applications each month.

Industry awareness of the places was initially low and the Accord undertook some online marketing and participated in a webinar with ACENZ. From August to December 2021, 296 people have been supported to enter New Zealand through the allocation. With some incoming people sharing rooms the final number of allocated rooms was 226:

Allocated rooms:

Aug	Sep	Oct	Nov	Dec	TOTAL
21	48	60	58	39	226

<sup>1</sup> Panel of representatives from the Association of Consulting Engineers New Zealand (ACENZ), Civil Contractors NZ (CCNZ), New Zealand Institute of Architects (NZIA) and Master Builders NZ.





*Canterbury construction vaccination event at PlaceMakers Riccarton on 31 October, attended by Hon Dr Megan Woods and Hon Poto Williams. © James Munro, Itch Limited*

Of the 296 critical worker applications, over half support critical infrastructure including water, waste and wastewater and (19%) transport projects, including rail, road and port developments (33%).

There were 31% of general construction projects supported from a range of sectors including energy, health, corrections, education and local government projects such as recreation centres and others.

Manufacturing projects including construction for food production as well as to support building supply chain challenges, such as a wallboard factory and concrete and steel precasting, were supported by 13% of critical workers.

The remaining allocation, 4% of critical workers, supported housing (including civil works) and other multiple needs.

Projects were valued at all levels from under \$50 million through to critical multi-billion dollar infrastructure projects such as Tāmaki Makaurau's City Rail Link and Central Interceptor projects. Other regional projects of note include the Waimea Community Dam, and critical water upgrades and hospital builds.

Critical skills represented through this time ranged from architectural and technical design through to machine operation, engineering, tunnel boring machine mechanical works operation and supervision, operations and other specialist roles.

## COVID-19 Roadmap towards sustainable construction sector

The COVID-19 Roadmap is a set of tools and protocols allowing construction and related activities to operate safely and sustainability in the presence of COVID-19, and to protect the sector from further significant impact on its people, its businesses and the community. Areas covered include:

- › Business record keeping
- › Onsite surveillance testing with lateral flow tests, and escalation to PCR for positive tests
- › Isolation at home pending PCR results
- › Compartmentalisation procedures so that teams, not whole sites, can be stood down

It calls for legal clarity on vaccination, widely available and cost-effective access to lateral flow testing, and automated approval of inter-regional travel, including across Alert Level boundaries.

In particular it calls for business to business (B2B) certification of vaccination and testing requirements to reduce administrative load. The certification would be at Person Conducting a Business or Undertaking (PCBU) level and would be available at no cost to residential clients.

The Roadmap has assisted the sector in transitioning from the Alert level system to the COVID-19 Protection Framework by putting into place appropriate health and safety protocols, construction-specific vaccination risk assessment protocols, and supporting vaccination uptake.



## Supporting vaccination in the construction sector

The Accord is working with District Health Boards in low vaccination areas to support vaccination efforts in the sector by helping promote construction vaccination events. With CHASNZ and the Canterbury District Health Board (CDHB) we undertook a survey of the Canterbury construction sector to support the DHB in formulating vaccination policy for the sector.

A video posted on the Accord LinkedIn page has been viewed more than 60,000 times. It features Cainan, a formerly anti-vaccine construction worker who, from his hospital bed, urges people to “get vaxxed.”



## Supply chain issues

The Accord **released research** into current supply chain challenges facing the construction and infrastructure sector. Accord Ministers were briefed on the findings and feedback from the Accord Steering Group. Key actions are focused on better information and planning as well as connecting on the medium to longer term work that is led across agencies.

The Accord is assessing the feasibility of collating industry data to publish key building product lead-in times to the sector to inform product decisions and improved forward planning.

It continues to advise Ministers on supply chain issues and is working alongside industry and government agencies, including via the Inter-agency forum lead by the Ministry of Transport.

- › MPI led discussions on potential collaborations e.g. in bulk (non-container) shipping
- › MFAT is leading cross-agency work on Strengthening New Zealand's Supply Chain Resilience
- › MBIE is leading guidance on product substitution information, raising awareness of alternative products and reducing reliance on constrained building products.



*Containers at Port of Auckland.  
Supply chain issues continue  
to affect both NZ-made and  
imported products*







# 01

## WORKSTREAM: LEADERSHIP

Transformation requires effective cross-government and industry leadership, the sharing of success stories and lessons learned, and a coordinated voice on critical issues to support a unified response.

The diverse ecosystem that makes up the construction sector includes more than 150 industry bodies and this fragmentation impacts on the sector's ability to lead and sustain change. This workstream aims to bring sector leaders together, creating a pan-industry and government steering group. This model is unique to the Accord and supports the partnership commitment.

The Accord leadership groups – Steering Group, Transformation Delivery Group and the Forum – now include more than 80 leaders from across the private and public sectors.

### Launch of the Network

August 2021 saw a significant milestone for the Accord – the launch of the **Accord Network**.

Designed to bring the sector together to lift performance and drive change, the Network is a collective of businesses, government agencies and other organisations committed to a higher performing construction industry.

This gives all in the sector the chance to be a part of achieving the Accord goals. Members pledge to uphold the Accord principles and values and to support the sector.

The launch at Parliament on 5 August was attended by Hon Grant Robertson, Hon Dr Megan Woods, Hon Poto Williams, Hon Michael Wood and dozens of leaders from the public and private sector.

Senior government officials supported the launch, including executives from Waka Kotahi, Ministry of Health and the Ministry of Business, Innovation and Employment.

By early December membership of the Network had doubled since the launch, to 240.



*The Accord Steering Group meets, 5 August 2021*



## Ongoing development of the Network

Work is underway to develop a verification framework for members' self-assessment of their current business practices, and to implement a peer advice service which would enable learning from peers across the construction sector.

## Resource Hub

- › Launched in August 2021 with the Network, the Resource Hub is a one stop shop for information to help build capability and improve business performance of the construction sector
- › The Hub provides resources that supports the Accord goals, principles and behaviours promoted by the Accord Network, and helps organisations lift non-technical capability and contribute to a higher performing construction sector
- › The Resource Hub is an open access resource supporting all participants in the system to transform and deliver Accord expectations.



*Hon Grant Robertson addresses the launch with Hon Dr Megan Woods on screen*



*Accord Transformation Unit Director Judy Zhang and Hon Poto Williams*



*Accord Transformation Director Dean Kimpton was MC at the Accord Network launch event*



# 02

## WORKSTREAM: BUSINESS PERFORMANCE

This workstream focuses on lifting performance through a clearer pipeline and by sharing good business and risk management practice.

### Specialist trades benchmarking tool

It is difficult for businesses to access information on how to run a successful and high-performing construction-related business.

The Accord is partnering with Master Builders to develop a specialist trades benchmarking tool, for specialist trades businesses to measure their performance against. This allows the sharing of good business practices and builds resilience.

The business performance metrics are a set of quantifiable/qualitative measurements used to gauge the performance of a business and give owners better business insight. They include financial, operational and commercial measures. The tool has been developed using a framework already established for the vertical construction sector.

It is a collaboration between numerous specialist trade associations, is funded by the Construction Sector Accord and will be delivered by PwC.

Development was completed in November 2021 and user testing is underway, with a product launch scheduled for early 2022.

### Digital Boost partnership

The Accord has partnered with the government-funded Digital Boost programme to develop digital learning material and build digital capability of small and medium construction businesses and improve productivity.



A webinar was broadcast in September 2021 and the Accord and Digital Boost are developing construction-related material focused on digital tools that help with managing finances, risk and project management, workflow and online presence (website and social media platforms).

As of 9 December 2021 there were just over 43,000 Digital Boost Registered Trainees. Of those, 13.3% (5,740) were in the construction/trade businesses category. This ranks the category sixth for participation.

Of just over 4,300 construction/trade businesses registered with Digital Boost, more than half (51.4%) were small business owners. The remainder are made up of sole traders/partnerships, thinking of starting a business or small business employee.







# 03

## WORKSTREAM: PEOPLE DEVELOPMENT

The construction workforce must grow and develop so it can meet the demand for new residential housing, commercial buildings and infrastructure. This workstream aims to build capability through addressing skills gaps, supporting the Reform of Vocational Education (RoVE), and understanding long-term workforce gaps.

Key outputs will include a new Construction Skills Strategy and a Roadmap toward diversity, equity and inclusion in the sector.

### Construction Skills Strategy

The three-year cross-government Construction Skills Action Plan (CSAP) concluded in November 2021. With CSAP's conclusion comes the opportunity to assess a future skills direction for the construction and infrastructure sector and create a unified vision for development of the right skills. In contrast to the long-term workforce plan (which looks at what skills we need and where), the Construction Skills Strategy will address how government and industry might get there.

Further workshops will take place in early 2022 and the final strategy will be released before the end of the Accord's current transformation plan, in June 2022.

### Reform of Vocational Education (RoVE)

Support for the Reform of Vocational Education (RoVE) is a core part of the Accord's People Development work stream. It aims to create a more unified and sustainable vocational education system that delivers the skills that learners, employers and communities need to thrive.

The reformed system will have a stronger focus on employers, delivering the skills they need and ensuring greater consistency in education across the country.

The Accord is supporting the RoVE through the work of the ConCOVE and Waihanga Ara Rau Workforce Development Council, by connecting and facilitating collaboration across the industry to deliver better education outcomes for the sector.



The Reform of Vocational Education  
and the construction sector

Thursday 28 October, 3pm

TOWARDS HIGH  
PERFORMANCE  
WEBINAR SERIES

CONSTRUCTION  
SECTOR ACCORD

*The work of the RoVE featured in our October  
webinar*



## Infrastructure Skills Centre

The Accord supported two Infrastructure Skills Centre pilots in partnership with Ministry of Social Development, Fulton Hogan and Civil Contractors NZ. They are six-week on-job and off-job programmes designed to give participants skills needed to step onto a civil site. The programme differs from other entry-level training by ensuring all participants are employed prior to starting the course. The six-week pilots were delivered in both Canterbury and the Manawātū with a total of 20 participants across both programmes. Auckland and Wellington pilots were delayed due to alert level changes and will run in 2022.

Learnings from the pilots will support intended replication of the model by other employers across the sector, and a longitudinal study has commenced with the Canterbury Infrastructure Skills Centre graduates, led by the ConCOVE.



*The inaugural Infrastructure Skills Centre graduates, July 2021 © Fulton Hogan*





## ConCOVE

The Accord is part of a consortium of construction sector bodies leading the Construction Centre of Vocational Excellence (ConCoVE). It is addressing six research projects over the next four years to inform innovation in vocational education and training in the sector: Career Framework, Disruption, Entry, Career Progression, Diversity, and Sustainability.

## Long-term workforce plan

The Accord supports the work of Waihangā Ara Rau Workforce Development Council and CanConstruct in delivering the long-term workforce plan.

- › Waihangā Ara Rau will continue to build on the earlier work of the BCITO in delivering the Workforce Information Platform ([wip.org.nz](http://wip.org.nz)), an analysis of the pipeline of work and corresponding availability of skills
- › CanConstruct NZ is a consortium of universities and BRANZ, funded by an MBIE Endeavour Fund award. It is looking at supply and demand across the construction sector over the next five years.

## Workforce Research Forum

A research forum was convened with participants from across the wider tertiary education, government and sector for the purposes of sharing research direction, challenges and opportunities and importantly. This initiative will reduce duplication and support collaboration across the research system.

## Construction Diversity Roadmap

The Construction Diversity Roadmap project has completed employer and employee surveys and in-person interviews resulting in a Gap Analysis report. This was delivered during December.

*The Roadmap toward diversity, equity and inclusion* is set to be published by mid-2022.







# 04

## WORKSTREAM: HEALTH, SAFETY AND WELLBEING

Good health and safety practices are critical to a successful construction industry. This workstream aims to achieve a better health and safety culture in the sector and is being delivered by CHASNZ under an Accord funding agreement. CHASNZ will deliver a new leadership framework, a pre-qualification framework and a new Health and Safety by Design initiative.

Achievements and activities in this workstream include:

- › Support for Mates in Construction Suicide Prevention Programme
- › **Tōtika** health and safety pre-qualification scheme launched with CHASNZ. As of 1 December 2021 there were 34 clients and 1063 contractors engaged. Tōtika has also been updated for COVID-19 vaccination certifications.
- › **Client Leadership Framework Tool** in place to assist construction clients review their own organisations and identify areas for potential future improvement. Interactive webinars are planned for 2022.
- › Produced Construction Leading Health, Safety and Well-being Indicators to assist businesses create meaningful suites of measures for their workplaces

### The Accord and MATES in Construction

During 2020 and 2021 the Accord funded **MATES in Construction** (MATES), the construction sector suicide prevention organisation. The Accord supported MATES to expand its mental health support programmes to reach more sites.

In October 2021 Mates **released new research** showing that construction workers are more than twice as likely to die by suicide than the rest of the workforce. MATES says the research indicates that construction suicide may have been undercounted in the past (because relevant occupational categories were excluded) and the research will assist targeting of support. It was funded by BRANZ and carried out by Otago University.





Wednesday 10 November was  
Fly the Flag day, part of MATES'  
suicide prevention awareness work





# 05

## WORKSTREAM: REGULATORY ENVIRONMENT

The Regulatory Environment workstream under the Transformation Plan supports clear and efficient regulatory systems that protect people from harm, but don't act as a barrier to innovation and delivery.

The Regulatory Environment workstream itself has two distinct branches of work:

- › A comprehensive, evidence-based policy review of the building consenting system, with a view to considering whether change is required
- › Identification of shorter term opportunities to promote greater efficiency and effectiveness within the existing consenting system.

### Accord supporting regulatory intervention

MBIE is in the early stages of a total review of the building consent system to better understand the underlying issues and to develop long-term solutions.

The Accord is playing an active role in supporting communication and sector engagement with the MBIE-led reform programme of building legislative reform.

### Non-regulatory interventions to improve the current consenting model

The Accord's Building Sector Working Group (BSWG) includes representatives from Building Consent Authorities (BCAs) (Auckland, Hamilton, Wellington, Tauranga, Selwyn and Christchurch Councils), industry groups (Master Plumbers, NZ Certified Builders, Jennian Homes, BRANZ and the Insurance Council), and MBIE.

In May 2021 the BSWG identified short-term options to drive efficiency, effectiveness and predictability within the current regulatory framework.

Three short term projects are to be completed in the third quarter of 2022. They will bridge the gap between now and long-term regulatory change, by looking at how we can best promote good practice and drive efficiencies within the current regulatory settings:

**1. Supporting quality building consent applications** (*consent application phase*)

The objective of this project is to reduce the time that BCAs spend on poor quality, poorly structured or incomplete building consent applications and the number of requests for information (RFIs).

**2. Supporting partner programmes for building consent applications** (*BCA processing phase*)

This project will identify and structure a nationally consistent approach to enable extending partner type programmes to more BCAs, allowing the benefits to be felt throughout New Zealand.

**3. Enabling quality documenting of a build, to support remote inspections** (*BCA inspection phase*)

This project seeks to standardise documenting requirements and promote robust digital records of a build to support remote inspections. The outputs of each project will be available to support BCAs to make efficiencies across the whole consent process from the third quarter of 2022.





A photograph of two construction workers shaking hands on a job site. The worker on the left is wearing an orange high-visibility vest over a dark long-sleeved shirt. The worker on the right is wearing a yellow high-visibility vest over a brown jacket. They are both smiling and shaking hands. The background is a blurred construction site with gravel and some equipment.

# 06

## WORKSTREAM: PROCUREMENT AND RISK

Central government makes up around a fifth of the construction spend in New Zealand, and it can take a lead in setting procurement standards in the industry. Good procurement practices are essential to high performance in the sector. This workstream focuses on building procurement skills, promoting clearer contracts, and achieving a better deal for subcontractors.

### Review of NZS 3910

In November 2021, the Accord and New Zealand Infrastructure Commission, Te Waihanga commissioned a formal review of NZS 3910:2013 (NZS 3910), a standard form construction contract used for the majority of contracts in the construction and infrastructure sector. It is expected that the full review will take up to 21 months with an interim review on some non-contentious issues completed within seven months.

A scoping exercise led by Standards New Zealand earlier this year established an overwhelming consensus from the construction sector that NZS 3910 requires a comprehensive review. NZS 3910 has not been updated since 2013 and hasn't kept pace with legislative and other changes in the construction sector. That has resulted in a proliferation of special conditions to the standard form for individual infrastructure projects.

A review of NZS 3910 has been jointly commissioned by the Accord and the New Zealand Infrastructure Commission, Te Waihanga, with support from a number of other industry organisations representing a cross section of the industry.

The review will be led by Standards New Zealand and aims to deliver a standard industry construction contract that:

- › is widely accepted and fit for purpose
- › improves understanding of contracts due to fewer special conditions
- › allocates risk fairly
- › results in more contracts that embody the Accord principles
- › allows the industry to document contracts quickly and easily, improving productivity and addressing common issues.

## Engineer to the Contract

The Accord is supporting Engineering New Zealand in establishing an 'Engineer to the Contract' panel. The Engineer to the Contract's role is to ensure that the contract between the client and supplier is administered fairly, impartially and in an orderly and timely manner. This panel will identify industry professionals as having the professional skills, experience and mana to be highly effective in the role of Engineer to the Contract

- › Engineer to the Contract Steering Group Established by Engineering NZ January 2021
- › Operational Framework agreed November 2021
- › Request for expressions of interest to be appointed to the panel to be issued by Engineering NZ to the market by January 2022.

## Construction Broader Outcomes Guidance

In November 2021 the Accord **published new guidance** to help government buyers and industry suppliers consistently apply broader outcomes in construction procurement. The guidance helps buyers and suppliers better understand broader outcomes, by explaining:

- › what they are
- › why they are important
- › how to embed them into government procurement
- › their impact on tender evaluation.

Various events to communicate and educate agencies and suppliers on the application of broader outcomes in construction projects are planned for early 2022.

# BROADER OUTCOMES

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### Other guidance and publications

- › Nearly 3,000 downloads of the **Rapid Mobilisation Playbook**
- › Carbon Guidelines – Procurement guide to **Reducing carbon emissions in building and construction** published June 2021
- › **COVID-19 Construction Risk Management guidelines** published July 2021



*Carbon reductions guidance*

### Improving Construction Data

Data or information relating to activities conducted during the procurement phase of a construction project will allow opportunities for improvement to be identified and any change measured.

- › Construction Data Changes made to GETS – published July 2021
- › Retrospective Project Reviews – external consultant TSA appointed October 2021 to develop framework.
- › Price vs Value Initiative – led by Te Waihangā completed in October 2021

### Construction Procurement Leadership Programme

The Accord is working with the New Zealand Government Procurement team within MBIE and other stakeholders to develop a capability framework for construction procurement. The capability framework will provide a gap analysis against a range of skills and capabilities which can be mapped against existing training available in order to identify where additional training opportunities and programmes need to be developed for construction procurers.

- › Construction Procurement capability framework workshop held Aug 2021
- › Assessment Framework released late December 2021.





# 07

## WORKSTREAM: ENVIRONMENT

While the construction sector faces many challenges, it can reasonably be argued that none are greater than responding meaningfully to environmental sustainability and climate change concerns.

BRANZ convened an expert advisory group to develop a roadmap for the workstream, including a vision and associated actions.

A **draft paper** was published in June 2021, framing up the challenges, opportunities and transitions facing the construction sector. The paper provides a way of thinking about the seven challenges identified:

- › greenhouse gas emissions: built environment contributes around 20% of emissions
- › energy: industry a heavy user of fossil fuels, need to increase energy efficiency of buildings
- › waste: BRANZ estimates construction generates up to 50% of waste to landfills
- › water: construction impact on water availability and quality

- › land use: productive agricultural land converted to housing, loss of habitat and biodiversity
- › climate adaptation: increased resilience, e.g. to flooding, has environment and economic cost
- › regenerative construction: new environmental and social value so that building and construction activities help environments and communities thrive.

The paper notes there are also opportunities: the government, in part through supporting the Accord, has set a strong direction of travel, and many in the sector do not need to be persuaded that change is necessary. The framework for focus and action provided by the Accord has been lacking in the past so the support and foundations now exist to make a real difference for Aotearoa New Zealand.



A draft Environment roadmap was endorsed by the Accord Steering Group in November 2021. It identifies four priorities:

- › Changing mindsets by improving awareness of and commitment to addressing, accounting for and improving environmental outcomes
- › Scaling up the sector's capability and capacity in environmentally sustainable construction
- › Incentivising and aligning to ensure environmentally sustainable building practices are facilitated
- › Demonstrating impact by measuring construction sector progress in contributing to Aotearoa New Zealand's climate and environmental goals.

Development of an implementation plan is underway.



***The Environment Workstream has identified four equally significant and inter-related priorities.***





# 08



## WORKSTREAM: New Plymouth District Council BEACONS

Sharing good practice and lessons learned are an essential part of a healthy, competitive industry. The Beacons workstream identifies and promotes case studies to share with the sector, showing innovative approaches and exemplars of the Accord values.

### Beacons Awards

The inaugural awards took place at the 2021 Building Nations conference in November, with the Beacon of the Year Award being presented by Hon Poto Williams.

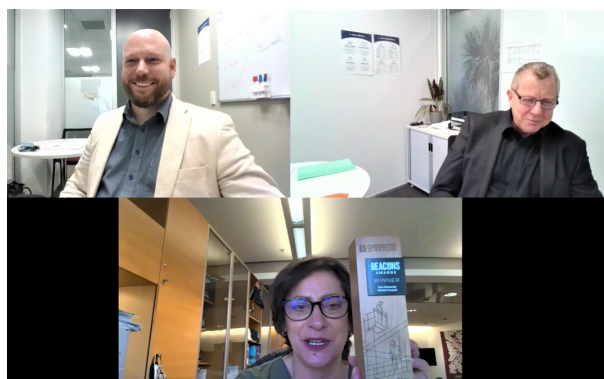
The winner was New Plymouth District Council for its 'supply chain leadership' approach, focusing on developing long-term supplier partnerships, prioritising the safety and financial health of its contractors.

In presenting the award, Minister Williams said the judges "recognised the courage and leadership required to move away from the Lowest Price Conforming tender approach, and to develop long term partnerships in an attempt to deliver better infrastructure for New Plymouth, while also delivering positive health and safety and training outcomes for their supply chain partners. The judges noted how transformative this approach would be if it were adopted widely across the industry. They were also blown away by your bravery and leadership."

"You have thrown down the gauntlet to other clients across the industry to focus on value rather than cost," she said.

The finalists were:

- › KiwiRail for its use of Building Information Modelling (BIM)
- › Canam Commercial and Whangarei District Council for their innovative procurement on the Whangārei Civic Centre project, which targeted community objectives.



***Building and Construction Minister Hon Poto Williams presents the inaugural Beacons Awards trophy to New Plymouth District Council***

# CONSTRUCTION SECTOR ACCORD | BEACONS



Te Kaunihera-ā-Rohe o Ngāmotu

New Plymouth  
District Council

Piritahi



## Case studies

Seven case studies were published during 2021 and featured at the awards ceremony, covering topics including improving health and safety culture and practice on site, integrating digital technologies into construction projects, procuring for community outcomes and to support local businesses, and improving environmental outcomes by dramatically reducing waste to landfill.

The focus is on learning and all case studies include a 'how to' guide, demonstrating how the lessons can be applied.

Short videos illustrating the case studies have been viewed as many as 3,000 times each on the Accord website and LinkedIn channels.

Web pages about Beacons, the eight existing case studies and their 'how to' guides have been viewed just over 8,600 times.

Sixteen case study applications were received during 2021, of which seven were published. There are 27 new applications being considered for 2022.

The future focus of the workstream will include:

- › Gaining better understanding of how the sector engages with and learns from Beacons to ensure effectiveness
- › Working with membership organisations to offer training on Beacons case studies to embed learning in the sector
- › Exploring how lessons can be extracted from case studies on an ongoing basis
- › Partnering with other workstreams to take deep dives into projects that have experienced failure, in order to share the rich learnings that can come from these experiences.



## WHAT'S NEXT?

The current Transformation Plan ends on 30 June 2022 and the Accord is developing a new plan for the next phase of industry transformation: Accord 2.0. Industry and Ministers have indicated a commitment to maintain the partnership approach to progressing transformation across the sector.

A consultation and co-design process sought sector input into the future of the Accord. Targeted reference groups were convened to strengthen input from parts of the sector that to date have felt under-represented: innovators, Māori, and representatives from the commercial and residential sectors. In parallel the Accord has undertaken research on developments in other jurisdictions, and canvassed the sector to gain feedback on the Accord's successes and challenges thus far. This will inform the type of initiatives we seek to undertake and how we work with others to deliver transformative change.

Clear priorities for Accord 2.0 have already emerged:

- › Retaining capacity to address critical sector-wide issues of the day, including consenting, and workforce and supply chain issues
- › Māori eco-system development, including developing SME capability, procurement equity and leadership development for Maori and Pasifika
- › Environmental responses, including use of sustainable products and practices, and building environmental leadership capability
- › Use of data, including early signals of crisis, system performance indicators and data flows across the sector
- › Innovation, digitisation and advanced construction methods and products.

It will be completed in early 2022 with a new governance and operating model in place by August 2022 to deliver on the Accord 2.0 priorities.









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