



Progress Report 2022/2023

THIS REPORT PROVIDES AN OVERVIEW OF THE CONSTRUCTION SECTOR ACCORD'S PROGRESS DURING THE JULY 2022 – JUNE 2023 PERIOD.



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

Te Kāwanatanga o Aotearoa
New Zealand Government

The Accord leadership

Senior leaders from across industry and government are driving the delivery of the Transformation Plan 2022-2025

Throughout this report, you will find references to a number of Construction Sector Accord (the Accord) groups, known collectively as the Accord leadership. Each group has different roles, responsibilities and priorities in relation to the Transformation Plan 2022-2025. [Find out more about the Accord leadership online.](#)

The Accord Steering Group is made up of leaders from industry and government. The Accord Steering Group's role is to oversee the overall Accord programme and act as champions for the sector's transformation. The Accord Steering Group is supported by four sector reference groups who drive the delivery of priorities from their sub-sector and provide feedback on relevant emerging issues. The sector reference groups are made up of leaders from the residential, commercial, infrastructure and Māori construction sub-sectors. The Accord also convenes the Accord Agencies, a group of government agencies that work with the building and construction sector as either regulators, clients and/or educators, and have responsibilities for delivering relevant priorities in the Transformation Plan 2022-2025.

Whereas the Accord Steering Group is focussed primarily on delivering the Transformation Plan 2022-2025, the sector reference groups and the Accord Agencies have directed their efforts on specific priorities affecting their part of the sector. While some of these priorities are linked to the Transformation Plan 2022-2025 and others are not, all the priorities align with the Accord's vision and mid-term goals.

Group	Priority and purpose
Residential sector reference group	Building Consent System Review: Support the Ministry of Business, Innovation and Employment's review of the building consent system.
	Innovation Focused Non-Regulatory Reform: Initiative as per the plan.
	Access to capital and maintaining development momentum: To mitigate the length and depth of the downturn, ensure we meet housing needs, and improve affordability.
	Health, safety and wellbeing: Priority as per the plan.
	Workforce development: Priority as per the plan.
Commercial sector reference group	Benchmarking and Accreditation: Initiative as per the plan.
	Construction Procurement Capability and Training: Initiative as per the plan.
Infrastructure sector reference group	Unlocking Productivity in the Project Pipeline: To help the sector have sufficient visibility and security over long term pipeline to plan, invest, and innovate for the long term.
	Network Group: To develop networks for contractors and professional services for ongoing two-way discussion channels about themes of improving infrastructure delivery.
Kōtuitiā te Hono Māori sector reference group	Māori End-to-End Supply Chains: Initiative as per the plan.
	Māori SME Capability Development: Initiative as per the plan.
	Māori Procurement Panels: Initiative as per the plan.
	Kaiko Construction Mentorship Programme: Initiative as per the plan.
Accord Agencies	Standardised Special Conditions for All-of-Government (AOG): Initiative as per the plan.
	Public Procurement Planning and Phasing - Regional Pilots: Initiative as per the plan.
	Productivity Delivery Groups: Initiative as per the plan.

ACCORD STEERING GROUP MEMBERS



Andrew Crisp (Co-chair)
Chief Executive
Ministry of Housing and Urban
Development



Tracey Ryan (Co-chair)
Managing Director New Zealand
Aurecon



Nicole Rosie
Chief Executive
Waka Kotahi NZ Transport Agency



Carolyn Tremain
Chief Executive
Ministry of Business, Innovation
and Employment



Nathan Te Miha
Director of Construction
ICONIQ Group



Leonie Freeman
Chief Executive
Property Council New Zealand



Bill Newson
National Secretary
E tū



Doug Johnson
Principal Consultant
Tonkin + Taylor



Katrina Van Houtte
Partner
Dentons Kensington Swan



David Kelly
Chief Executive
Registered Master Builders
Association



Mark Evans
Chief Executive
HEB Construction



Steve Evans
Chief Executive – Residential
and Development
Fletcher Building

RESIDENTIAL SECTOR REFERENCE GROUP CO-CHAIRS



Andrew Crisp
Chief Executive
Ministry of Housing and Urban
Development



David Kelly
Chief Executive
Registered Master Builders
Association

COMMERCIAL SECTOR REFERENCE GROUP CO-CHAIRS



Leonie Freeman
Chief Executive
Property Council New Zealand



Rick Herd
Chief Executive
Naylor Love

INFRASTRUCTURE SECTOR REFERENCE GROUP CO-CHAIRS



Doug Johnson
Principal Consultant
Tonkin + Taylor



Steve Webster¹
Chief Infrastructure Officer
Watercare

KŌTUIĀ TE HONO MĀORI SECTOR REFERENCE GROUP CHAIR



Nathan Te Miha
Director of Construction
ICONIQ Group

¹ Steve Webster was the co-chair of the infrastructure sector reference group in 2022 only.

Message from the Accord Steering Group Co-chairs

Andrew Crisp and Tracey Ryan reflect on the last twelve months

Last July, we launched the Transformation Plan 2022-2025. This was a big step for the Accord, as it allowed us to build on the foundations of our first Transformation Plan and take much bolder steps towards a thriving, fair and sustainable construction sector.

The broader scope and ambition of the Transformation Plan 2022-2025 required us to reset our operating model. To broaden the Accord's reach and bring in more industry voices, the first few months of the plan were focussed on establishing a smaller Accord Steering Group and four new sector reference groups for the residential, commercial, infrastructure and Māori construction sub-sectors.

With a new operating model, we were able to start progressing delivery of the plan's initiatives. We've had plenty of great highlights over the past year, such as:

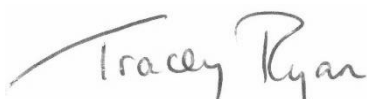
- partnering with Construction Health and Safety NZ to develop a health, safety and wellbeing strategy.
- supporting WorkSafe to create thriving infrastructure pilot projects to reduce health and safety incidents.
- progressing an action plan from the Construction Skills Strategy and the Construction Diversity Roadmap.
- reviewing and revising NZS 3910, an industry standard contract template, including a review of the roles and responsibilities of the Engineer to Contract.
- coordinating government agencies to update All-of-Government special conditions in contract templates.
- partnering with Master Builders to design a social media campaign on reducing construction waste.
- co-hosting a cross-industry workshop with the Sustainable Business Network on construction waste.
- partnering with Callaghan Innovation to deliver a range of Construction Activator initiatives to upskill the sector and promote the adoption of innovative tools, practices and technologies.
- coordinating the government's work on offsite manufacturing in response to recommendations from the Commerce Commission's market study into residential building supplies.
- partnering with the NZ Institute of Building to develop a digital roadmap for the sector.
- teaming up with a pan-industry group to develop a marketing campaign to attract international talent.
- working with Immigration New Zealand to update immigration settings for the construction sector.
- releasing six Beacons case studies and a range of webinars to showcase best practice within the industry.
- supporting the sector's response to the North Island severe weather events, including by publishing guidance to support the immediate response and working with Te Waihangā and Waihangā Ara Rau to develop workforce projections for the post-flood rebuild.

Being only one year into a three year plan, we are really pleased with the Accord's progress. Next year is going to be even busier as we start rolling out a lot more initiatives. The Accord's industry-government partnership is key to delivering the Transformation Plan 2022-2025. None of our work would be possible without the Accord's partners, who are doing the hard mahi and taking big strides with us towards the Accord's goals.

The Accord goes beyond the Transformation Plan 2022-2025. At its heart, the Accord is a call-to-action to everybody in the construction industry to ask themselves, 'How can I do better?' It's an important and urgent question, because the Accord is looking to change industry cultures and behaviours. We hope you will join us in our mission to address the sector's challenges and work with us towards a shared vision for the future.



Andrew Crisp
Accord Steering Group Co-chair



Tracey Ryan
Accord Steering Group Co-chair

Introduction

The Accord is a joint commitment from government and industry to work together to transform the construction sector

The future of the construction sector is critical to the success of Aotearoa New Zealand. It is an important contributor to our economy, a major employer, a sector that employs many diverse people, and a key industry supporting the wellbeing of all New Zealanders through the supply of housing and infrastructure.

However, there a number of systemic challenges which are holding the sector back. Challenges such as skills and labour shortages, climate change, a poor health and safety record, unclear regulations, an uncertain pipeline of work and a culture of shifting risk, have all led to stagnant productivity and higher costs.

The Construction Sector Accord (the Accord) was created to tackle the systemic challenges causing the construction sector's underperformance. Through the Accord, the construction industry and government have partnered together to transform the sector.

In July 2022, the Accord launched the Transformation Plan 2022-2025, a three-year action plan for transforming the construction sector. This report provides an overview of the Accord's progress during the first year of the Transformation Plan 2022-2025 (from July 2022 to June 2023). A more accessible HTML version of this report can be found online at: www.constructionaccord.nz/progress/progress-report-2022-2023/

Sector Context

The construction sector has faced many challenges over the past 12 months

Despite economic uncertainty being a constant source of tension, the sector has remained fairly buoyant over the past year. Construction demand is now easing after a period of record high residential consent numbers. While reduced demand is helping to ease labour and supply chain woes, concerns about insolvencies are rising. Climate change has been another major source of worry, following the devastating North Island floods.



THE CONSTRUCTION SECTOR IS A SIGNIFICANT CONTRIBUTOR TO OUR ECONOMY

Building and construction is the country's third largest employer. The total number of people employed in the sector has followed an upward trend over the last ten years, from 166,700 in December 2012 to 306,000 in December 2022. Across this period, the construction sector increased from 7.7 percent to 10.7 percent of the total workforce. The sector contributed \$18.6 billion dollars (in 2009/2010 prices) to New Zealand's gross domestic product (GDP) for the year ended March 2022. This is 6.9 percent of total GDP.²

AFTER A BOOMING PERIOD, BUILDING ACTIVITY IS STARTING TO COME DOWN

After reaching record highs, building consents have started to slow. The number of residential dwellings consented has followed an upwards trend over the past decade, peaking at 50,736 building consents in the year ended June 2022. However, residential building consents have started to decline over the past few months. December 2022 saw 3,457 new consents, the lowest monthly figure since January 2022.³

Commercial and infrastructure construction have faced similarly high levels of demand. The value of non-residential building activity in the year ended June 2022 was 8.1 percent higher than in the year ended June 2021.⁴ Te Waihanga reported that the value of infrastructure projects in the National Infrastructure Pipeline increased from \$69.2 billion in March 2022 to \$72.6 billion in June 2022.⁵

Government intervention has helped buoy the sector over recent years. As a major construction client, the government has increased its investment in infrastructure and public housing. Monetary and fiscal policy decisions, particularly those made during the Covid-19 pandemic, also contributed to high levels of demand.

Record high levels of demand have been outstripping the sector's capacity. A slowdown in activity may help relieve some pressure and bring demand back into equilibrium with supply. However, a slowdown could also transition into a downturn with more damaging effects on the sector. To better meet construction demand in the future, government and industry have been doing lots of work to build skills and capacity within the sector.

² www.stats.govt.nz/indicators/gross-domestic-product-gdp/

³ www.stats.govt.nz/information-releases/building-consents-issued-december-2022/

⁴ www.mbie.govt.nz/dmsdocument/25439-building-construction-sector-trends-annual-report-2022

⁵ www.mbie.govt.nz/dmsdocument/25439-building-construction-sector-trends-annual-report-2022

LABOUR SHORTAGES AND SUPPLY CHAIN DISRUPTIONS HAVE EASED

Construction businesses have struggled with supply chain issues in recent years. New Zealand is heavily reliant on imported building materials and is sensitive to international economic trends. Shortly after the first wave of global Covid-19 lockdowns, international supply chains deteriorated. This contributed to building product shortages, cost escalations and delays. After a 45 percent increase over the last two years, product prices have started to stabilise as global pressures lessen and inventories improve.⁶ However, while a small number of product suppliers have reduced prices, most products remain more expensive than they were two years ago.

This recent supply chain disruption prompted the Government to ask the Commerce Commission to investigate the residential building supply market. In its final report, the commission found that competition for the supply and acquisition of key building supplies was not working as well as it could. In response to the commission's recommendations, the government will monitor and publish the prices of key building supplies, provide guidance to support builders and councils to make good decisions on alternative equivalent products, and drive the uptake of offsite manufacturing to improve productivity and competition.

With border closures effectively cutting off access to migrant labour, Covid-19 also exacerbated the sector's chronic skills and labour shortages. In acknowledgement of the sector's labour problems, the Immigration Rebalance created specific pathways for migrant construction workers, including a green list of highly-skilled occupations and a construction and infrastructure sector agreement to provide access to specified lower-paid roles. Since the re-opening of borders and resetting of immigration settings, skilled construction workers have started to come back to the country. From July 2022 to May 2023, New Zealand welcomed 5,411 builders, 2,411 carpenters, and 691 scaffolders from overseas.

Despite the growth in the workforce and a softening in construction demand, the sector is still facing significant labour shortages and high labour costs. Labour market pressures will continue to persist, especially in parts of the North Island that will need a significant amount of construction rebuild work following the severe weather events earlier this year. That's why the construction sector cannot view immigration as a silver bullet solution. The sector will need to continue attracting, training and retaining a strong domestic workforce.

ECONOMIC UNCERTAINTY AND INFLATIONARY PRESSURES HAVE IMPACTED BUSINESS CONFIDENCE

High interest rates and economic uncertainty, coupled with challenges around the supply chain, labour market and falling construction demand, have impacted business confidence. Current levels of business confidence are similar to levels following the March 2020 Covid-19 lockdown. While low, it is important to note that business confidence for the construction sector continues to follow levels of confidence for all industries.

The economy briefly fell into a technical recession in June 2023, which sparked concerns around insolvencies and potential layoffs.⁷ Construction business insolvencies have increased by 75 percent in the year ending April 2023 compared to the year ending in April 2022. While this is a concerning trend, it is worth noting that the total overall number of construction companies is increasing, and only 0.47 percent of construction companies have gone into liquidation.⁸ In April 2023, the Government made amendments to the Construction Contracts Act 2002 to further strengthen the protections for retention money withheld under commercial construction contracts. These changes provide greater security for sub-contractors in the face of potential insolvencies.

CLIMATE CHANGE IS AN EVER-GROWING CONCERN

The severe weather events at the beginning of 2023 created significant disruptions across the country, including flooding, damage to homes, buildings and infrastructure, and worst of all, loss of lives. The construction sector will play an important role in the rebuild of the affected regions, but given the widespread scale of damage, the road to recovery will be a marathon rather than a sprint.

With severe weather events becoming a more and more frequent occurrence in our lives, the sector needs to be asking itself vital questions about climate change, including what it can do to reduce emissions and how it can ensure our homes, buildings and infrastructure are future-proofed for a changing climate.

⁶ www.eboss.co.nz/detailed/building-industry-insight/some-building-products-set-to-become-cheaper

⁷ As of September 2023 (outside of the period covered by this report), the New Zealand economy is no longer in recession.

⁸ Companies Office data.

Delivery of the Transformation Plan 2022-2025

The Accord has been progressing the delivery of a range of new and planned initiatives to drive sector change



The Transformation Plan 2022-2025's vision is to develop a thriving, fair and sustainable construction sector for a better Aotearoa New Zealand. This vision is supported by the following six mid-term goals:

1. Increased capabilities of leaders to drive change.
2. More skilled and diverse workforce that is future ready.
3. More thriving people and organisations.
4. Greater Māori construction economy success.
5. Reduced waste and embodied and operational carbon.
6. Increased productivity through innovation, technology, and an enabling regulatory environment.

The plan covers four main focus areas – People, Client Leadership, Environment and Innovation - while also reserving some of the Accord's resources for responding to the Emerging Issues and Opportunities of the day. The Accord work programme also covers two enablers - Knowledge and Networks.

The focus areas and enablers contain priorities, which provide more specific descriptions of what the Accord is working towards. Each priority contains a set of initiatives. Every initiative has been specifically designed to work towards at least one of the Accord's mid-term goals, and the mid-term goals are not mutually exclusive to any of the priorities (i.e. initiatives from different priorities can be connected to the same mid-term goal).

As you read this report, you may notice that some things have changed since we published the Transformation Plan 2022-2025 last year. When we launched the plan, we had 11 priorities. Now, we have 15. Since publishing the plan, we have undertaken detailed project scoping and planning work across our work programme and refined our priorities. Changing conditions across the construction sector have also required us to reconsider where we are focussing our efforts. Several initiatives have been merged or split, moved to other parts of the plan, or in some cases simply renamed to better reflect the nature of the work. For example, nine initiatives from across the published plan have now become five newly named initiatives under the new Construction Activator priority (under Networks). The full list of initiatives is attached at the end of this report.

MONITORING THE ACCORD'S PROGRESS

The Accord has been tasked with tackling the challenges that are causing the construction sector's underperformance. Transforming a sector as large and complex as construction requires long-term, system-level behavioural and cultural shifts. To understand whether these desired shifts are taking place, the Accord monitors a range of measures which track the state of the sector. The Accord's measures draw on existing external sources, such as Statistics New Zealand datasets, and our own data, primarily from the Accord Survey.⁹ The Accord publishes its measures online via an interactive indicators dashboard.

However, it is hard to determine whether the measures reflect the Accord's impact on the construction sector. This reflects the difficulty of attributing change, a common problem in monitoring and evaluating complex work programmes. The Accord's initiatives exist alongside many other government and industry programmes, all of which are intended to improve the construction sector. Alongside the problem of attribution, there can also be a lag between the time an initiative commences and when it has an effect. The initiatives from the Accord's first Transformation Plan have only started to flow through the sector, and many from our current plan are still being established, so it will be a while before we can understand their impact.

To help address the problems of attribution and time lag, it can be useful to measure change at a range of periods when monitoring complex programmes - from the programme's direct outputs, through to short-to-mid-term outcomes and long-term impacts. While attributing the Accord's work to the mid-term outcomes and long-term impacts remains challenging, outputs and short-term outcomes are more directly attributable to the Accord and thus better at indicating whether the Accord is helping the sector head in the right direction. As a result, this report focuses on the outputs and short-term outcomes achieved over the past 12 months.

For a more in-depth picture of how the Accord tracks its progress over time towards the desired behavioural and cultural shifts, we have developed a monitoring and evaluation framework. The framework covers the Accord's measures, as well as anecdotal and observational feedback from the construction sector.

Over the past year, we have noticed early signals of positive progress towards the Accord's desired shifts. There is greater sector collaboration on key industry issues, which has reinforced the Accord's industry-government approach. By working with others on the Transformation Plan 2022-2025 initiatives, we have established stronger relationships with industry associations. We have noticed that these organisations are increasingly articulating their support of the Accord's activities in public, which has resulted in a growing awareness of, and engagement with, the Accord. Industry associations are telling us that they are being heard and want to continue taking part in delivering the Transformation Plan 2022-2025. The Accord's input is also increasingly being sought to inform and influence policies relating to the construction sector.

Across the plan's focus areas and enablers, we have noticed the following trends:

- **People:** There is good leadership being shown across the sector to address workforce capability and business leadership gaps. However, greater coordination throughout the system is still required.
- **Client leadership:** We have had positive sector feedback on initiatives relating to client agencies' contracting behaviours. A strong baseline of client practice has been established which has enabled a clear plan forward, but overall the sector still has low levels of satisfaction with client interactions.
- **Environment:** There is increasing engagement and momentum to deliver on environmental objectives. Climate events and future regulatory changes are driving awareness. However, there are significant environmental data gaps which are impacting our ability to measure longer-term impacts.
- **Innovation:** The value of new technology and systems, and appetite for large-scale investment, is not well understood. There is growing sector coordination to put plans in place to address innovation barriers.
- **Emerging issues and opportunities:** The coordination and collaboration role we have played in supporting the flooding response has further reinforced our industry-government partnership platform. The Accord's role as a connector has assisted Ministers and decision-makers in understanding the sector's needs.
- **Knowledge and Networks:** Steady progress has been made in using these two enablers to support the Accord work programme. There are opportunities to drive much greater benefits over the next two years.

To keep moving in the right direction, we think it's important to highlight some of the good practice happening in the industry. Throughout this report, you will find several case studies which shine a light on new, innovative and exceptional work happening across the sector. These case studies showcase the types of practices which will contribute to the behavioural and cultural shifts the Accord is trying to achieve.

⁹ Every year since 2020, the Accord has run an annual survey of business leaders across the construction sector to track business sentiment over time.

People

The Accord is progressing a range of initiatives to attract, retain, and develop leaders, grow a skilled and engaged workforce, prioritise diversity, health, safety and wellbeing, and improve outcomes for the Māori construction sector

The Accord continues to pursue the four priorities under the People focus area that were originally published in the Transformation Plan 2022-2025. Activity in the People focus area has been prioritised towards standing up projects that could be launched quickly and delivered by external partners.



PRIORITY: BUILDING LEADERSHIP CAPABILITY

It has been a difficult year for many leaders within the sector. Labour supply has been tight and many businesses owners have been struggling to recruit and retain staff. There are signs that labour shortages are starting to ease, which coincides with an increase in immigration and a decrease in construction demand. Improving leadership capability will equip leaders with the skills they need to operate thriving, sustainable construction businesses that are more resilient and ready to meet labour constraints and other challenges.

The Accord has progressed significant work relating to building leadership capability, however, over the course of the year some of this priority's initiatives have moved to other parts of the plan. The Building Leaders Advisory Service initiative that was previously in this priority has been subsumed into the new Construction Activator priority, which covers a suite of resources to raise the capability of construction businesses and business leaders. The Network enabler also includes the Construction Leadership Summit, which the Accord co-hosted with Waihanga Ara Rau. This event brought sector leaders together to share lessons and review best practice so they can learn and grow from one another. See the Networks section for more information.

PRIORITY: WORKFORCE DEVELOPMENT

Construction workers have been significantly impacted by skills and labour shortages. Although the workforce continues to grow, many of those currently in the sector are working at capacity. The reopening of borders and changes to immigration settings has meant that migrant workers are starting to trickle back into the sector.

Following calls from the industry that we needed to do more to attract international talent to help address labour and skills shortages, the Accord partnered with NZ Story, Association of Consulting and Engineering (ACENZ), the New Zealand Institute of Architects, Master Builders and Civil Contractors NZ to develop marketing collateral for the New Zealand Recruitment Storyteller. This is part of the **Construction Sector International Marketing Campaign**, which aims to attract and recruit migrants with critical skills to the New Zealand construction and infrastructure sector. The campaign was launched in late June 2023.

However, it's important that the sector continues to work on attracting a diverse range of New Zealanders into the sector. Attitudes towards diversity, equity and inclusion practices appear to be largely positive. The 2022 Accord Survey found that approximately three-quarters of businesses said they are committed to valuing and supporting a diverse workforce.

The Accord is developing a **Skills and Diversity Action Plan**, which will implement recommendations from the Construction Skills Strategy and the Diversity Roadmap. The action plan will incorporate a stocktake of all current skills and diversity focussed initiatives in the sector, so that the sector can avoid duplicating work and foster the skills that the industry needs, both now and in the future.

The Accord has also been working with the Te Waihanga and Waihanga Ara Rau to develop workforce projections for the post-flood rebuild. This has created an opportunity to accelerate workforce development work that the industry needed and will help provide workforce planning tools that the industry can use in the future. See Emerging issues and opportunities section for more information.

PRIORITY: STRONG MĀORI CONSTRUCTION ECONOMY

A prosperous construction sector in Aotearoa needs to be delivering better outcomes for Māori construction leaders, businesses and workers. As part of its operating model, the Accord facilitates a Māori sector reference group, known as the Kōtūiā te Hono, to drive the delivery of this goal and provide feedback and insights on issues which are affecting the Māori construction sector.

The main priority for Kōtūiā te Hono has been the **Māori SME Capability Development** initiative, which is a fit-for-purpose business capability service designed for Māori construction businesses, by Māori for Māori. Kōtūiā te Hono is working on delivering a current state and gap analysis that maps the size and distribution of the Māori construction sector, including currently available business support. Kōtūiā te hono has also been scoping the **Māori End-to-End Supply Chains** initiative, which will help Māori businesses, organisations and iwi collaborate and gain greater ownership across the supply chain.

PRIORITY: HEALTH, SAFETY AND WELLBEING

Health, safety and wellbeing are major issues in the construction sector. Between February 2022 and January 2023, 12 people sadly lost their lives whilst working in the construction sector.¹⁰ High construction demand mixed with an uncertain economic outlook is affecting workers' mental health as they deal with stress, burnout and worries about potential job loss. The industry has also been grappling with growing concerns about migrant exploitation.

There is a growing awareness of issues such as mental health and wellbeing. The Accord Survey found that the proportion of construction businesses with systems in place to support the mental health and wellbeing of their workers has increased over the past two years, from 63 percent in 2020 to 70 percent in 2022.

In partnership with Construction Health and Safety NZ, the Accident Compensation Corporation, WorkSafe and MATES in Construction, the Accord is developing a **Construction Health, Safety and Wellbeing Strategy**. The strategy will incorporate an agreed vision and implementation plan with explicit actions for the Accord and the sector, including key actions incorporated from the **Health and Safety by Design Implementation Plan** currently being developed as a separate initiative under this priority.

The Accord has also been supporting the establishment of the **Thriving Infrastructure Pilots** led by WorkSafe and the Business Leaders Health and Safety Forum. This project aims to test whether grouping stakeholders around a shared purpose for collaborative learning and impact can help improve the wellbeing of organisations, communities and people, including improved health and safety outcomes in infrastructure.

In 2022, MATES in Construction approached the Accord alongside other government agencies to help meet a funding shortfall, which would have reduced their ability to provide mental health services across the country. Under the **Supporting Workforce Wellbeing** initiative, the Accord contributed \$225,000 to MATES in Construction towards an evaluation programme of their services. The Ministry of Health is now leading the engagement with MATES in Construction, including supporting them to identify sustainable funding streams.

The sector has also faced increased health, safety and wellbeing risks as a result of the North Island floods. To support the sector's immediate response to the floods, the Accord partnered with Construction Health and Safety NZ and MATES in Construction to provide health, safety and wellbeing guidance for workers accessing flood-damaged sites and disposing building waste. The mental health of workers in flood affected regions remains an ongoing concern as they deal with the damage and impact on their communities. See the Emerging issues and opportunities section for more information.

¹⁰ data.worksafe.govt.nz/focus/construction

NEXT STEPS

In the coming year, the Accord will start progressing the **Next Generation Leaders Programme** to help ensure that there is a pipeline of young talent that is equipped to lead the industry forward.

Kōtūiā te hono will also progress the **Kaiako Construction Mentorship Programme** to connect Māori working in construction to experienced Māori leaders in order to help them grow their leadership and business skills from a Te Ao Māori perspective.

Beacon case study: Scafit's people centric approach to staff wellbeing and development



Scafit, a medium-sized scaffolding business, has developed a people centric business model to address their employees' needs. In addition to obtaining national and international health and safety accreditations, Scafit has created a comprehensive employee wellbeing programme which includes:

- access to a private physiotherapist and clinical psychologists
- company-wide life and trauma insurance
- all day open kitchen, starting with breakfast so all employees to have a sit-down meal together before heading off to their worksites.

Scafit's people centric approach is a terrific example the Accord's third mid-term goal - More thriving people and organisations. The new business model has greatly improved staff wellbeing and retention, which in turn has led to the development and success of the business itself.

Client leadership

The Accord is working with public and private sector clients to leverage construction spending to achieve broader outcomes, strengthen procurement and contracting practices, and improve pipeline and phasing

Since launching the Transformation Plan 2022-2025, the Accord has refined the Client Leadership focus area. In addition to the procurement and contracting priority, the Accord now has explicit priorities to improve broader outcomes and enhance public procurement planning and phasing. These areas were originally captured as plan initiatives but have been elevated to priorities to reflect the potential of procurement as a catalyst for better outcomes and the importance of reliable pipelines to enable businesses to invest and grow.



PRIORITY: IMPROVED PROCUREMENT AND CONTRACTING

Strong procurement and contracting practices can set a collaborative, trusting and transparent culture that can have immense benefits for the project, contractors, workers, and clients themselves. Conversely, poor procurement and contracting practices can result in inefficiencies and lost productivity through lengthy negotiation, litigation and rework. The Accord has seen more recognition from clients, especially from government agencies, around the inconsistency of contract terms and an increased appetite to improve their procurement practices. However, sector feedback suggests that there is a high level of dissatisfaction with client interactions, indicating there is still room for clients to improve their ways of working.¹¹

NZS 3910¹² is the most used construction contract in New Zealand, however, industry has raised concerns for years that the contract is out of date and not fit for purpose. The Accord and Te Waihanga commissioned Standards New Zealand to do a **Review of the NZS 3910 Construction Contract**. A committee of 25 industry representatives went through the contract line by line, engaged in hot debates, and challenged assumptions for almost a year to improve the contract. Public consultation of the review concluded on 30 June 2023 and the updates are due to be released in late 2023.

The Accord has been progressing work on the **Engineer to Contract** update. The Engineer to Contract is a specific role currently required under the NZS 3910 contract. This panel was established in 2021 to address concerns regarding the capability and independence of Engineer to Contracts. The Accord has partnered with Engineering New Zealand to support a transition to the revised set of roles and responsibilities that will be required under the updated NZS 3910 contract.

¹¹ For example, the Accord Survey saw a decrease in the proportion of businesses saying that clients care about factors other than up-front price (49 percent in 2022 vs 59 percent in 2021). The 2022 survey was taken during a period of significant economic uncertainty when construction demand was trending downwards and the sector was coming off the back of supply chain and labour pressures. In contrast, the 2021 survey, was taken when the economic outlook was more optimistic. This indicates that businesses are more likely to consider broader outcomes in their procurement practices when the economic outlook is positive, and more likely to look at the bottom-line when the economic outlook is negative.

¹² NZS 3910 stands for the New Zealand Standard 3910:2013 Conditions of Contract for Building and Civil Engineering Construction.

The Accord is also working to reduce the use of special conditions in government contracts. In December 2022, the Accord published a review of how procuring agencies across the public sector use special conditions in construction contracts. The review found there was a lack of standardisation and inconsistent application of special conditions and risk transfer in public sector construction contracts. In response to the review, the Accord Agencies have made a number of commitments through the **Standardised Special Conditions for All-of-Government (AOG)** initiative to work towards more standardised and consistent contracts by removing unnecessary special conditions and ensuring fairer risk allocations.

Contracts are only one of the tools that procurers need for strong client leadership. The Accord has initiatives underway to improve the capabilities of procurers and the tools available to them. The **Construction Rfx Procurement Templates** initiative is focussed on developing standard construction templates that are effective for planning, sourcing, and managing construction contracts. Additionally, the Accord has partnered with the New Zealand Construction Industry Council to deliver **Digitisation of Design Guidelines**, which are commonly used by multiple disciplines. The Accord's commercial sector reference group is also working on **Construction Procurement Capability and Training** projects to support procurers develop their capabilities, and the Kōtuiti te hono Māori sector reference group is working to develop clear pathways for Māori businesses to procure government-led construction work by establishing **Māori Procurement Panels**.

In 2023, the Accord completed a **Retrospective Project Review Phase 2** to test an approach for analysing procurement performance by collecting data that links project outcomes to procurement activities and choices. The aim was to move from anecdotal claims and perceptions about business case and procurement practices to an evidence-based assessment of actual performance. While this work did not collect the level of data that was initially sought, separate government projects have improved data monitoring and reporting practices since then. New Zealand Government Procurement has enhanced the data capture of the GETS electronic tendering system and the Treasury has introduced quarterly investment reporting.

PRIORITY: PUBLIC PROCUREMENT PLANNING AND PHASING

The construction sector is vulnerable to boom-bust cycles and the sector has been particularly nervous recently given reduced residential construction activity and lower business confidence across all industries. The sector can become more resilient, productive, and confident with a secure pipeline of work, because pipelines can help businesses plan for growth, invest in capital, and staff, and improve productivity overtime.

Over the past year, the Accord has observed that there has been greater input into the forward pipeline and better use of information for planning. The Accord has supported Te Waihanga's forecasting work on skills and labour requirements to meet the forward pipeline. The Accord has also been supporting Te Waihanga and Waihanga Ara Rau to gather data relating to workforce demand from the North Island post-floods rebuild. See the Emerging issues and opportunities section for more information.

PRIORITY: IMPROVE BROADER OUTCOMES FOR PUBLIC AND PRIVATE SECTOR PROJECTS

Each year, clients spend billions of dollars in New Zealand's construction sector. This spending can be leveraged to create a range of positive social, cultural, economic and environmental outcomes. Public and private clients alike now have a greater understanding of what broader outcomes mean for procurement and purchasing activity. Government agencies have made strides through increased application of New Zealand Government Procurements broader outcomes requirements and private companies have increased their use of independent environmental, social governance (ESG) strategies.

In November 2021, the Accord published guidelines to help public sector procurers embed broader outcomes into their procurement functions. From 2024, the Accord will scope further opportunities to support public and private sector clients to deliver broader outcomes (see Next Steps below).

Beacon case study: Supplier diversity contracting for broader outcomes



Icon was appointed by Kāinga Ora as the main contractor on their 139 Greys Ave project in Auckland. A key requirement for the project was the inclusion of broader outcomes in the tender process and contract.

One of the commitments that Icon made as the main contractor was to increase supplier diversity. Supplier diversity supports and enables targeted businesses to increase their participation in the supply chain and share in Aotearoa's economic wealth.

By working with not-for-profit organisations like Amotai and Ākina, Icon connected with Māori and Pasifika-owned businesses and social enterprises. Icon surpassed its supplier diversity targets, with nearly 10 percent of the total construction spend going to diverse suppliers.

Broader outcomes are increasingly expected from both public and private sector clients on large scale projects. Improving broader outcomes for public and private sector projects is a key priority for the Accord.

NEXT STEPS

Over the coming year, the Accord will start progressing initiatives to improve **Broader Outcomes from Public Sector Initiatives**, so the sector delivers more public value. Additionally, the commercial sector reference group will explore **Benchmarking and Accreditation** that could lift business performance and enable clients to carry out due diligence. Depending on the status and timeframes for the modern slavery legislation, the Accord may also support early scoping of a **Modern Slavery Framework** for the construction sector.

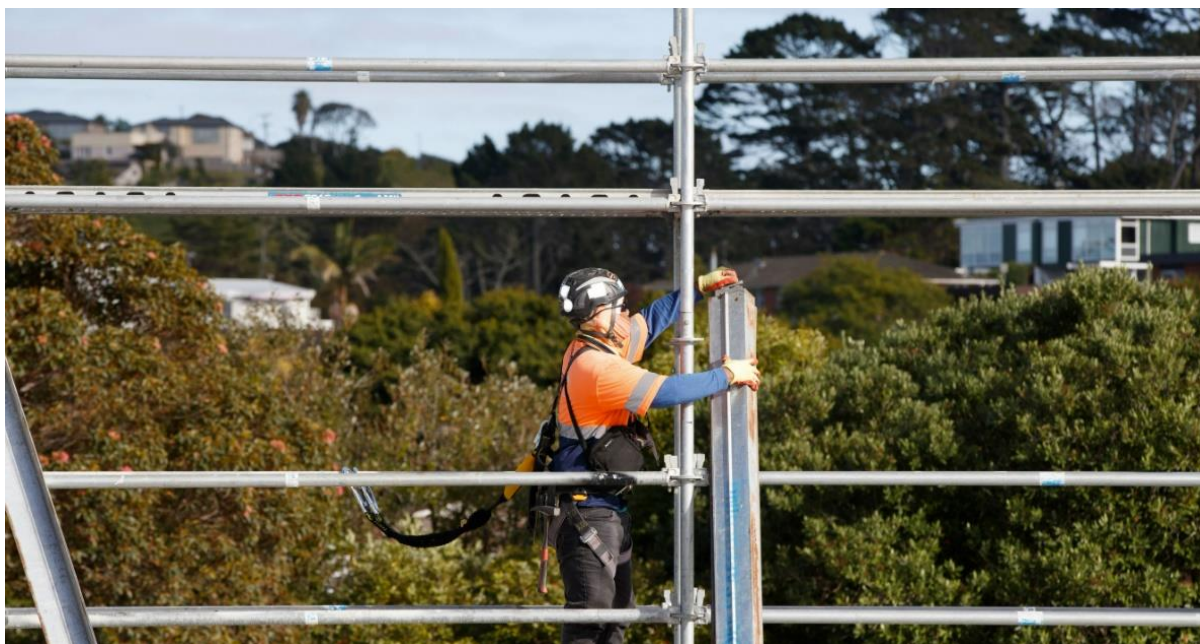
The Accord Agencies will work with Te Waihanga to support **Public Procurement Planning and Phasing - Regional Pilots**, where government agencies can coordinate among themselves to sequence major projects in a single area. It will help clients understand market capabilities and enable local businesses to prosper with feasible and long-term project pipelines.

Hawke's Bay has been identified as an initial pilot to bring clients together to plan and phase projects whilst considering market and workforce capacity. The project will be enabled by the Accord's work on workforce projections models.

Environment

The Accord is working to accelerate the adoption of carbon and waste minimising materials, tools and practices

The environmental and climate action priority in this focus area has remained largely unchanged. Over the past year, the Accord's efforts have been concentrated on tackling construction waste and supporting others with their climate change work programmes.



PRIORITY: ENVIRONMENTAL AND CLIMATE ACTION

The Accord has noticed growing industry engagement on environmental matters, which we have gauged through increasing requests for the Accord to participate in environmental discussions and events, as well as increased interest in information. However, the 2022 Accord Survey found that only around one-third of construction businesses had reported adopting a new environmental or sustainable practices over the past year, with the most frequently cited examples relating to waste management.

The North Island floods at the beginning of this year highlighted the important role the sector will play as New Zealand adapts to a changing climate. The Accord is scoping an initiative to collate and communicate practical solutions to reduce the impact of extreme weather events on residential and light commercial buildings. This climate adaptation work is part of **Environmental Initiatives and Research**, which includes both commercial and non-commercial research efforts. This includes the Accord's work with Master Builders to design a social media campaign on reducing construction waste. The campaign will target construction workers on site and provide information on how to minimise construction waste using practical and inexpensive actions.

This climate adaptation work connects closely to the Accord's emissions reduction work. Under the **Carbon and Waste Measurement Tools** initiative, the Accord is supporting the development of construction-focussed carbon and waste tools and information so businesses of all sizes can understand and address their environmental footprints. The Accord is working with stakeholders to develop information for reducing embodied carbon in buildings, including interior fitouts for commercial buildings.

To help progress the government's broader climate change programme and improve coordination on regulatory systems affecting construction, the Accord is collaborating with industry stakeholders and government agencies, including the Ministry for the Environment and the Ministry of Business, Innovation and Employment. The Accord is conveying industry views on upcoming policies and regulations and using its channels to communicate with the sector and receive feedback.

There is an increased recognition across the sector of the value of waste as a resource and the reputational risks of wasteful practices, alongside an emerging interest in concepts like the circular economy. As part of its **Sustainable Construction Cross Sector Forums** initiative, the Accord and the Sustainable Business Network jointly held a cross-industry workshop to identify root causes of construction waste using circular economy principles. Workshop participants identified

five priority areas to address construction waste. Three of these priorities (integrated design, reverse logistics and product stewardship) have resulted in industry action groups. The other two priority areas (information and knowledge sharing) were identified as enabling projects that will be progressed by the Accord.

NEXT STEPS

To help develop a domestic construction circular economy and reduce the sector's environmental footprint, the Accord will continue to focus on reducing construction waste and emissions. It will also progress work to share information on practical climate adaptation interventions for residential and light commercial buildings.

At present, there is no single set of indicators to track the sector's environmental performance. Quality data about the medium and longer term outcomes for this focus area is a known gap. Through the **Developing Environmental Performance Measures** initiative, the Accord will investigate the development of a methodology to calculate the circularity of the construction sector. This would enable the sector to be among one of the first of New Zealand industries to create a circular economy baseline to assess and monitor change so that targeted actions can be taken.

The Accord will also scope out a new initiative which would involve independently assessing a selection of building materials and products against a number of environmental measures. This information on building products and materials will provide the construction industry and consumers with neutrally assessed data they can use to compare and select more sustainable products and materials.

Beacon case study: Naylor Love diverts over 90 percent of its construction waste from landfill



It is estimated that construction and demolition waste makes up to 50 percent of New Zealand's total waste going to landfill. To see if it could reduce the amount of waste it was sending to landfill, Naylor Love carried out a trial at its construction site on Auckland University of Technology's North Campus. The trial involved separating waste on-site and making changes to how Naylor Love used and disposed of its leftover building materials.

As part of this work, Naylor Love developed a resource sorting NZQA micro-credential, which trains people how to sort through, separate and distribute the right materials into the right bins. Recognising the benefit to the wider construction sector, Naylor Love has made the qualification available to the rest of the industry.

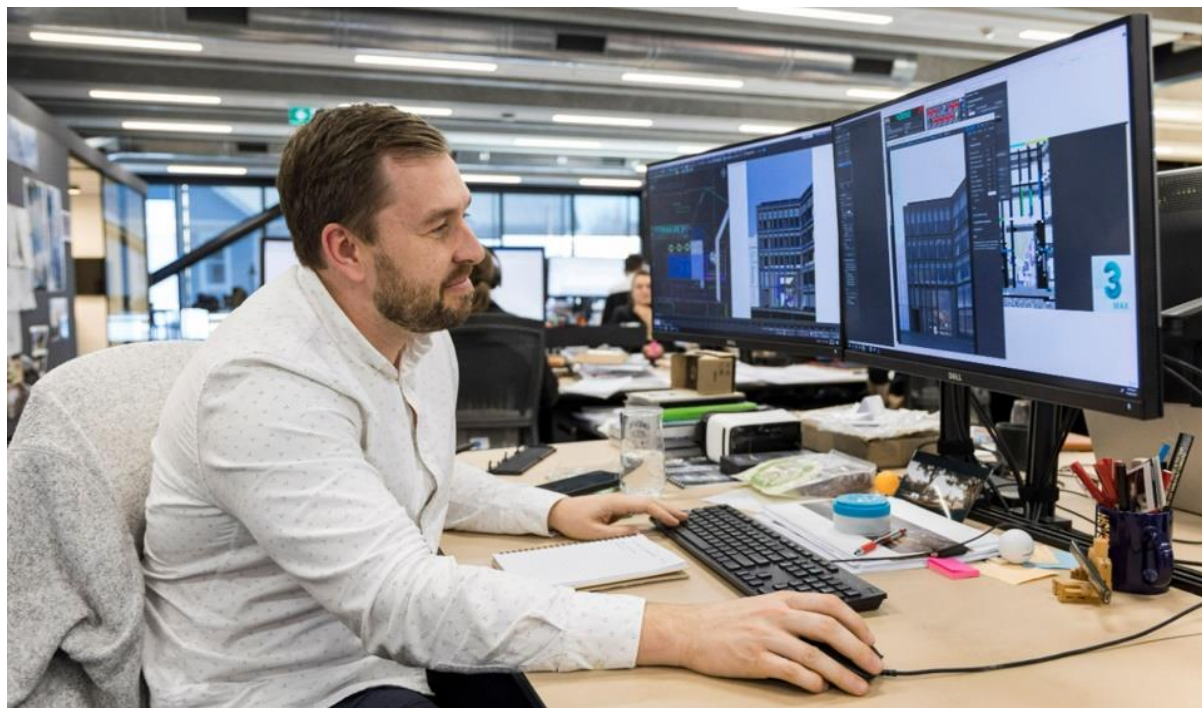
At the end of the trial period, over 90 percent of Naylor Love's construction waste had been diverted away from landfill. This new approach allowed the company to make a saving of 40 percent on their usual landfill costs.

This case study showcases a number of waste-reducing actions that construction businesses can take that align with the Accord's fifth mid-term goal of reducing waste and carbon emissions.

Innovation

To improve productivity, the Accord is connecting industry, government and innovators to help modernize construction through process improvement, digitalisation and supply chain integration approaches

The Accord continues to prioritise advanced construction ecosystems and has included a new priority on adopting digital practices and technologies to improve productivity. A number of initiatives that formerly fell under Innovation have moved to the new Construction Activator priority under Networks.



PRIORITY: DIGITALISATION AND THE USE OF TECHNOLOGY FOR PRODUCTIVITY

The New Zealand construction sector, like most construction sectors overseas, has chronically low productivity rates. New Zealand is inhibited by its small size and scale, large number of highly specialised small businesses, and its geography. But the ingenuity, passion and attitudes of the construction sector set it apart, and we have seen early adopters of technologies such as Building Information Modelling (BIM), offsite manufacturing, digital twins and artificial intelligence.

The Accord is focussed on connecting government, industry and innovators to help innovation become mainstream, so everyone benefits from increased productivity. This is a crucial task, as there is still some confusion across government about who should take the lead on certain issues (such as the implementation of a digital twin strategy) which cut across central government, local councils and state-owned enterprises.

Industry experts have acknowledged that the business case for digitalisation is unclear, which presents a barrier to widespread investment, and that a strategic vision for digitalisation is needed to move the sector forward. The Accord is partnering with BIMinNZ and the NZ Institute of Building to develop a **Construction Digital, Data Roadmap and Digital BIM**, which will deliver a clear five-year roadmap and business case to increase the uptake of digital tools. This includes the development of resources for clients and designers to improve their capability for BIM and digital engineering adoption.

PRIORITY: ADVANCED CONSTRUCTION ECOSYSTEMS

New Zealand's construction sector has been slow to innovate and adopt modern practices. The sector needs to focus on tried and tested innovation methods, including offsite manufacturing, financial tools and a supportive regulatory environment. As we move towards New Zealand's 2030 carbon reduction requirements, the sector has a strong driver to innovate and improve the quality of the built environment.

Beacon case study: QOROX 3D printing technology



One innovative supplier, QOROX, has proven how 3D printing technology can be adapted to improve productivity in the construction sector. QOROX partnered with Dutch-owned construction technology firm, CyBe Construction, to provide access to the hardware and software for 3D printed concrete to be manufactured in New Zealand.

QOROX has built the first hybrid timber and concrete house with 3D printed concrete loadbearing walls in New Zealand. The walls are printed in the factory as hollow core panels, then delivered to site and infilled with steel reinforcement and concrete once in position.

The 3D printing technology allowed for much faster results than traditional methods. From leaving the factory to completing the installation, the process only took five days. In contrast, a traditional block wall would have required up to four weeks installation time on site.

Increasing productivity through innovation, technology and an enabling regulatory environment is one of the Accord's mid-term goals. Companies like QOROX show how bringing new and innovative products to the market can deliver solutions to existing challenges.

Offsite manufacturing, in particular, is a significant opportunity for the sector to innovate and reduce the amount of resources, labour, time and carbon used in construction. On the demand side, there is growing momentum amongst procuring government agencies, with leading agencies like Kāinga Ora steadily increasing offsite delivery (from 150 units in 2022 to 450 units by end of 2023). On the supply side, there are significant delivery challenges, with offsite manufacturing often being treated like traditional construction. There is still a lack of understanding of the real value of offsite for New Zealand, which is a barrier to large-scale investment.

To address these challenges, the Accord is convening two **Modern Methods of Construction** forums - one for government and one for industry, with both working in parallel towards the same objective of increasing the uptake of offsite manufacturing. The government group was developed in response to the Commerce Commission's recommendation that Government should develop and implement an all-of-government strategy to coordinate and boost offsite manufacturing.¹³ The government group will focus on developing an all-of-government approach to increase the adoption of offsite manufacturing in Crown infrastructure projects. The industry working group, which the Accord is co-leading with OffsiteNZ, will develop the tools and resources needed across the supply chain to enable interoperability, design standardisation, market capability, and skills and training, while minimizing risks and addressing any challenges that may arise.

NEXT STEPS

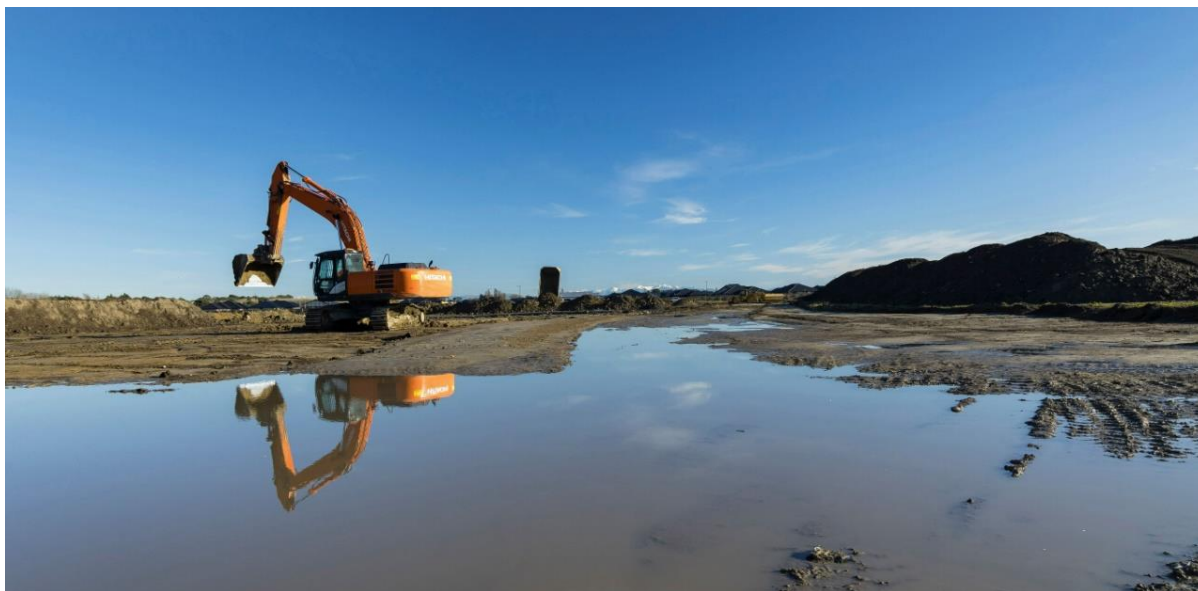
Over the coming year, the Accord will expand its innovation work programme to look at digital approaches and consenting to ensure that digital programmes across government are aiming towards the same north star. The Accord will have a renewed focus on knowledge sharing and will partner with industry associations to increase their focus on innovation. We will also explore gaps in financing and funding to support new and innovative ideas. The Accord will scope the **Study Tours** initiative and the residential sector reference group will look into developing the **Innovation Focused Non-Regulatory Reform** and **Financial Innovation** initiatives.

¹³ www.comcom.govt.nz/about-us/our-role/competition-studies/market-study-into-residential-building-supplies

Emerging issues and opportunities

The Accord continues to tackle challenges that could inhibit transformation

We have been responding to emerging issues and opportunities that could impact the sector's transformation, including by facilitating collaboration between industry and government. A particular point of focus for the Accord this year has been the sector's response to the North Island floods.



PRIORITY: RESPONSE TO EMERGING ISSUES AND OPPORTUNITIES

To address emerging issues and opportunities in a swift and timely way, the Accord continually monitors the sector for potential issues and stays connected with government and industry stakeholders. The Accord informs the wider industry of emerging issues (and any available support) through its newsletters, which act as **Emerging and Topical Issues Bulletins**.

The monthly **Accord Forum** enables a two-way conversation between industry and government, and participants get regular opportunities to hear from Ministers, government officials and industry leaders. Ministers have said that the Accord has become the go-to place for government and industry discussions on the sector's challenges, and the Accord Forums play a major part in that. Participation in Accord Forums is steady, averaging out to around 80 attendees per event. Over the past year, the Accord Forum has covered a broad range of topics, including:

- Q&A sessions with the Minister for Building and Construction, Hon Dr Megan Woods.
- the construction sector's response to flooding across the North Island.
- economic analysis on the state of the construction sector.
- presentations on government programme policy changes and announcements.

The Accord also plays an important, but often unseen, role in supporting broader government programmes. Government agencies have recognised the value of the Accord platform and have leveraged the Accord's connections to get greater industry input into their work. The Accord worked closely with Immigration New Zealand during the development of the Immigration Rebalance by facilitating discussion with industry stakeholders, and this work enabled more concessions for critical migrant construction workers. The Accord also supported the Building System Performance branch of the Ministry of Business, Innovation and Employment during the building materials shortages last year.

SUPPORTING THE NORTH ISLAND FLOOD RESPONSE AND POST-FLOOD REBUILD

The Accord convened rapidly and often to support industry and government efforts in the response and recovery from the North Island floods. The Accord acted as a bridge between government and industry to enable faster communication and intelligence sharing, so officials and sector leaders could understand the issues on the ground and quickly mobilise support.

In collaboration with industry partners such as Construction Health and Safety NZ, MATES in Construction and Auckland Council, the Accord provided guidance to support the sector's immediate response to the floods, including health, safety and wellbeing guidance for workers accessing flood-damaged sites¹⁴, contractual guidance for flood impacted projects¹⁵, and guidance around safe and appropriate disposal of building waste¹⁶.

The post-flood rebuild will require the right skills in the right places. Given that the sector is already vulnerable to skills and labour shortages, it is particularly important that the sector has a clear labour and skills strategy for the rebuild. The Accord is working with Te Waihangā and Waihangā Ara Rau to develop **Workforce Projections for Flood Response** models that will help the sector understand the demand in each region and ensure people with the right skills and capabilities are available in New Zealand to ensure a safe and swift rebuild. The construction workforce projections will produce a number of benefits, including:

- helping inform the coordination and sequencing of the rebuild, immigration and employment policies, and decision making for businesses.
- creating alignment of the Te Waihangā Infrastructure Pipeline and Waihangā Ara Rau Workforce Information Platform, which provides significant ongoing benefit for the sector.
- enabling the efficient mobilisation of workforce projections for future events causing spikes in regional or national workforce demand.
- underpinning the Accord's work to improve pipeline data consistency and accuracy and support regional pilots (see the Client leadership section).

NEXT STEPS

The Accord will continue to monitor and respond to emerging issues and opportunities that inhibit the sector's transformation, and we will work with others to improve our response and monitoring function. Over the next 12 months, the Accord will complete its role in establishing the workforce projections model and will train the industry on how to operate the model to support the sector with skills planning in different regions.

¹⁴ www.chasnz.org/risk-guide-to-working-on-a-flood-damaged-property/

¹⁵ www.constructionaccord.nz/news/news-stories/contractual-guidance-due-to-severe-weather-and-flooding-events/

¹⁶ The Accord issued links to several guidelines on dealing with silt and storm waste in an Accord newsletter dated 16 March 2023.

Knowledge and Networks

The Accord's work programme is enabled by improving knowledge through the use of data and creating networks of like-minded people across the sector

The Knowledge and Networks enablers are distinct from the rest of the Accord's work programme. Rather than addressing specific systemic challenges in the sector, these two enablers equip the Accord and the industry with the right tools to better drive transformation. The priorities under Knowledge have remained the same, whereas Networks has gained an additional priority for the new Construction Activator platform. A significant portion of the Knowledge and Networks initiatives are different to the ones originally published.



PRIORITY: BEACONS

The Accord has put significant effort into **Beacons Projects Production, Research and Events**. Over the past few years, the Accord has used its Beacon case studies to shine a light on new and innovative approaches that put the Accord's principles into action and inspire others to embrace change. Business leaders learn most effectively from their peers, whether learning about best practice or learning lessons from failure.

Since the launch of the Transformation Plan 2022-2025, the Accord has published six Beacon case studies online, which have had strong industry engagement. Each one includes a video, a written case study and a how-to-guide to help emulate the Beacon's lessons. The six case studies covered:

- [Kāinga Ora reduce energy costs and carbon emissions through the Passive House standard at their Bader Ventura development](#)
- [Waka Kotahi, HEB Construction and BECA work to efficiently deliver safety outcomes using a relationship-based procurement strategy](#)
- [Kāinga Ora and Icon's approach to supplier diversity, which shares lessons from a main contractor about how to improve supplier diversity in their projects](#)
- [MJH Engineering development of a unique in-house training programme to train skilled welders to meet the business's unique needs](#)
- [Scafit's people-centric business model, which focussed on staff wellbeing and development](#)
- [Naylor Love's work to successfully divert 91 percent of its construction waste at one of its worksites](#)

The Accord has also hosted or co-hosted a diverse line up of webinars, with knowledgeable and passionate speakers from across the sector. Overall, there has been a good level of participation in webinars, as well as interaction with Accord publications and resources. More than 3,100 people have registered and engaged with these webinars (with over 800 additional replays of webinar recordings). There have been webinars on:

- [Health and safety by design \(co-hosted with CHASNZ\)](#)
- [Consultation and review of the NZS 3910 construction contract \(co-hosted with Te Waihangā\)](#)
- [Prefabrication and offsite manufacturing](#)
- [Diversity, equity and inclusion in construction](#)
- [Building out construction waste](#)
- [Innovation in process, people and platforms](#)
- [The circular economy's impact on the construction sector](#)

PRIORITY: DATA, INFORMATION AND INSIGHTS TO ASSIST DECISION-MAKING

Access to data, information and insights can vastly improve how the construction sector operates. It can allow businesses, workers, government and iwi to make better decisions about projects, improve their ways of working and help prepare them for what's coming next. There is valuable research and data being collected on strategic issues for the sector, but information can be siloed and not shared broadly.

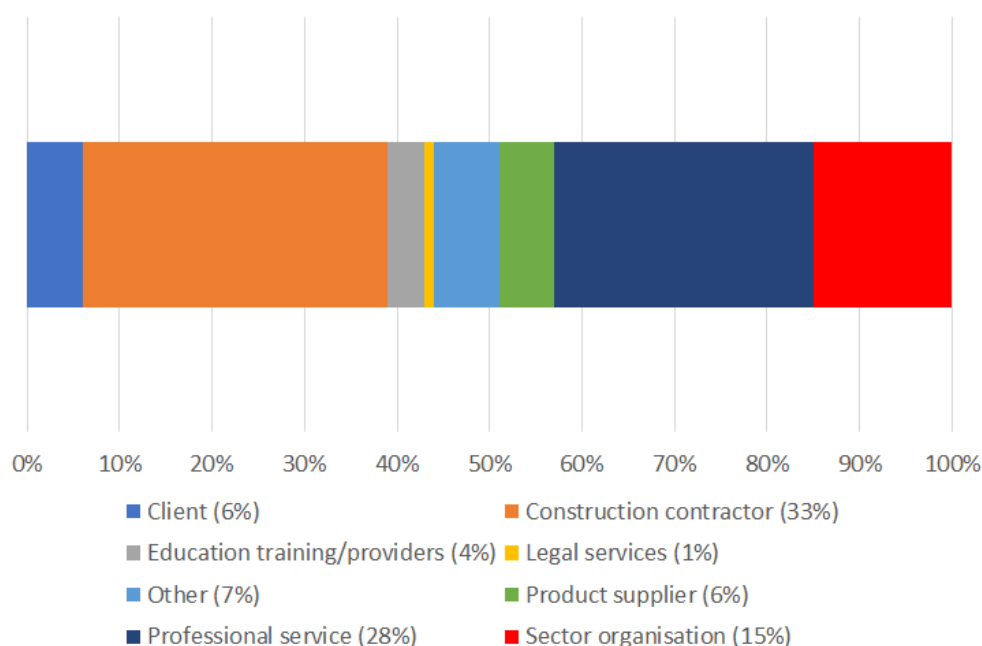
The Accord is making use of a range of historical data, future projections and other sources of information and research to inform and direct its work programme. Through our **Data, Monitoring and Evaluation** initiative, the Accord develops, collects, monitors and evaluates a wide range of measures to track how the sector is progressing. This is an ongoing piece of work that will continue over the next two years. For more information, see the Accord's monitoring and evaluation framework and indicators dashboard.

PRIORITY: CREATING AND LEADING NETWORKS

Fragmentation and minimal collaboration has been a long-standing challenge for the construction sector. People networks across the sector can enable sharing and learning, which also encourages alignment on key issues. Through the Accord industry-government partnership, we have already started creating and enabling networks of like-minded people to tackle the sector's challenges together.

Launched in 2021, the Accord Network has already created a community committed to positive change in the construction sector. The Accord Network is a membership-based open collective of businesses, agencies and organisations that have made a commitment to higher standards of behaviour in support of the Accord mid-term goals and vision. Network members have access to a hub of useful tools, guides and other resources. They also get invited to range of Accord events, including the monthly Accord Forums and Accord webinars. As of July 2023, the Accord Network has a total of 400 members, with 97 of those members joining the network during the first year of the Transformation Plan 2022-2025.

Breakdown of Accord Network members



The Accord is currently reviewing the Accord Network to grow the network's membership and improve the platform as part of the Construction Activator priority (see below). This includes a review of the membership assessment criteria, a refresh of the resource hub and an addition of peer-to-peer advisory services.

Through its **Construction Leadership Summit** initiative, the Accord is creating major events that bring sector leaders together to share lessons and review best practice so they can learn and grow from one another. On 6 September 2023, the Accord and Waihanga Ara Rau co-hosted an inaugural Construction and Infrastructure Workforce Development Summit.¹⁷ This summit culminated with the 2023 Beacons Awards, which celebrated those in the sector who have lived the Accord's values and showcased best industry practice. The Accord is now in the process of organising next year's summit.

PRIORITY: CONSTRUCTION ACTIVATOR

The Accord has partnered with Callaghan Innovation to design and deliver the Construction Activator platform and its associated suite of resources and services to raise the capability of construction businesses and business leaders. The programme will support businesses to develop their capability, improve their resilience to successfully navigate current and future environments, and enable them to grow in ways that are aligned with the Accord's mid-term goals. The Construction Activator will include:

- an **Activator Hub** that will form an online community to network and share knowledge. It will provide a platform with resources and pathways available to businesses of all sizes and levels of maturity.
- **Foundation and Deep Dive Workshops** for business capability development.
- regular information-sharing **Connect Events** which will be held both virtually and in-person.
- mentorship and capability development for businesses through the **Regional Business Partner 1:1 Business Advisory Service**.
- an **Accelerator** programme which will utilise Callaghan Innovation's established research and development skills to accelerate the development of innovative construction products and services.

NEXT STEPS

The Accord is starting work to convene a **Construction Futures Think Tank**. Learning from other leading countries, the Accord will bring together a group of leaders from inside and outside the sector that will challenge conventional wisdom. The think tank will be future-focussed and explore global mega-trends while also taking into consideration the size, scale and vision for New Zealand's construction sector.

The Accord Agencies will be set up a new **Productivity Delivery Groups** initiative. Productivity delivery groups are inter-agency forums to share good practice and learnings to increase knowledge and capability. While this initiative sits under the Networks enabler, it has close linkages to the Client Leadership, Innovation and Environment focus areas.

The Accord has a busy upcoming schedule of Beacon case study development over the coming months and will conduct a review in late 2023 to assess the impact of the Beacon case studies on the construction industry.

¹⁷ www.waihangaararau.nz/thriving-industry/

Transformation Plan 2022-2025 initiatives

Focus area or enabler	Priority	Initiative	Key partners and Accord leadership groups	Mid-term goals	Start	End
People	Building Leadership Capability	Next Generation Leaders Programme	TBC	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change More thriving people and organisations A more skilled and diverse workforce that is future ready 	10/07/2023	30/06/2025
People	Workforce Development	Skills and Diversity Action Plan	Waihanga Ara Rau	<ul style="list-style-type: none"> More thriving people and organisations A more skilled and diverse workforce that is future ready 	1/05/2023	30/06/2025
People	Workforce Development	Construction Sector International Marketing Campaign	New Zealand Trade and Enterprise / NZ Story	<ul style="list-style-type: none"> A more skilled and diverse workforce that is future ready 	1/10/2022	31/05/2024
People	Strong Māori Construction Economy	Māori SME Capability Development	Kōtuitiā te Hono Māori sector reference group	<ul style="list-style-type: none"> Greater Māori construction economy success More thriving people and organisations Increased capabilities of leaders to drive change 	1/01/2023	30/06/2025
People	Strong Māori Construction Economy	Māori End-to-End Supply Chains	Kōtuitiā te Hono Māori sector reference group	<ul style="list-style-type: none"> Greater Māori construction economy success More thriving people and organisations 	7/08/2023	30/06/2025
People	Strong Māori Construction Economy	Kaiako Construction Mentorship Programme	Kōtuitiā te Hono Māori sector reference group	<ul style="list-style-type: none"> Greater Māori construction economy success More thriving people and organisations Increased capabilities of leaders to drive change 	1/08/2023	30/08/2023
People	Health, Safety and Wellbeing	Supporting Workforce Wellbeing	Ministry of Health - Suicide Prevention Office, MATES in Construction	<ul style="list-style-type: none"> More thriving people and organisations 	24/03/2023	30/06/2023
People	Health, Safety and Wellbeing	Health and Safety by Design Implementation Plan	Construction Health and Safety NZ	<ul style="list-style-type: none"> More thriving people and organisations 	10/11/2021	30/09/2023
People	Health, Safety and Wellbeing	Thriving Infrastructure Pilots	WorkSafe	<ul style="list-style-type: none"> More thriving people and organisations Increased capabilities of leaders to drive change Increased productivity through innovation, technology, and an enabling regulatory environment 	5/05/2023	31/01/2024
People	Health, Safety and Wellbeing	Construction Health, Safety and Wellbeing Strategy	Construction Health and Safety NZ, Accident Compensation Corporation, WorkSafe, MATES in Construction	<ul style="list-style-type: none"> More thriving people and organisations Increased capabilities of leaders to drive change 	31/03/2023	30/06/2025
Client Leadership	Improved Procurement and Contracting	Review of NZS 3910 Construction Contract	Te Waihanga, Standards New Zealand	<ul style="list-style-type: none"> More thriving people and organisations 	3/04/2023	31/10/2023
Client Leadership	Improved Procurement and Contracting	Retrospective Project Review Phase 2	N/A	<ul style="list-style-type: none"> More thriving people and organisations 	17/02/2023	1/06/2023
Client Leadership	Improved Procurement and Contracting	Benchmarking and Accreditation	Commercial sector reference group	<ul style="list-style-type: none"> More thriving people and organisations 	30/06/2023	1/09/2023
Client Leadership	Improved Procurement and Contracting	Construction Procurement Capability and Training	Commercial sector reference group	<ul style="list-style-type: none"> More thriving people and organisations 	16/04/2023	6/10/2023
Client Leadership	Improved Procurement and Contracting	Digitisation of Design Guidelines	New Zealand Construction Industry Council	<ul style="list-style-type: none"> More thriving people and organisations 	1/01/2023	30/06/2024
Client Leadership	Improved Procurement and Contracting	Standardised Special Conditions for All-of-Government (AOG)	Accord Agencies	<ul style="list-style-type: none"> More thriving people and organisations 	1/01/2023	30/04/2024
Client Leadership	Improved Procurement and Contracting	Engineer to Contract	Engineering New Zealand	<ul style="list-style-type: none"> More thriving people and organisations 	1/03/2023	30/06/2024
Client Leadership	Improved Procurement and Contracting	Construction Rfx Procurement Templates	New Zealand Government Procurement	<ul style="list-style-type: none"> More thriving people and organisations 	16/06/2023	1/04/2024
Client Leadership	Improved Procurement and Contracting	Modern Slavery Framework	TBC	<ul style="list-style-type: none"> More thriving people and organisations 	TBC	TBC

Client Leadership	Improved Procurement and Contracting	Māori Procurement Panels	Kōtūiā te Hono Māori sector reference group	<ul style="list-style-type: none"> Greater Māori construction economy success More thriving people and organisations 	1/07/2023	30/06/2024
Client Leadership	Public Procurement Planning and Phasing	Public Procurement Planning and Phasing - Regional Pilots	Te Waihanga, Accord Agencies	<ul style="list-style-type: none"> More thriving people and organisations 	TBC	30/06/2025
Client Leadership	Improve Broader Outcomes for Public and Private Sector Projects	Broader Outcomes from Public Sector Initiatives	TBC	<ul style="list-style-type: none"> A more skilled and diverse workforce that is future ready Greater Māori construction economy success Reduced waste and embodied and operational carbon 	30/09/2023	30/06/2025
Environment	Environmental and Climate Action	Sustainable Construction Cross Sector Forums	Sustainable Business Network	<ul style="list-style-type: none"> Reduced waste and embodied and operational carbon Increased capabilities of leaders to drive change 	1/01/2023	30/06/2025
Environment	Environmental and Climate Action	Carbon and Waste Measurement Tools	Ministry of Business, Innovation and Employment (MBIE) Building for Climate Change Team, MBIE Building System Performance Team	<ul style="list-style-type: none"> Reduced waste and embodied and operational carbon Increased capabilities of leaders to drive change 	14/08/2023	30/06/2025
Environment	Environmental and Climate Action	Environmental Initiatives and Research	Registered Master Builders Association	<ul style="list-style-type: none"> Reduced waste and embodied and operational carbon 	1/06/2023	30/06/2025
Environment	Environmental and Climate Action	Developing Environmental Performance Measures	MBIE Economic Strategy Branch, MBIE Building for Climate Change Team	<ul style="list-style-type: none"> Reduced waste and embodied and operational carbon 	1/06/2023	30/06/2025
Innovation	Digitalisation and the use of Technology for Productivity	Construction Digital, Data Roadmap and Digital BIM	NZ Institute of Building	<ul style="list-style-type: none"> Increased productivity through innovation, technology, and an enabling regulatory environment Increased capabilities of leaders to drive change More thriving people and organisations 	1/02/2023	30/06/2025
Innovation	Advanced Construction Ecosystems	Innovation Focused Non-Regulatory Reform	Residential sector reference group	<ul style="list-style-type: none"> Increased productivity through innovation, technology, and an enabling regulatory environment 	TBC	TBC
Innovation	Advanced Construction Ecosystems	Modern Methods of Construction	Offsite NZ	<ul style="list-style-type: none"> Increased productivity through innovation, technology, and an enabling regulatory environment 	1/01/2023	30/06/2025
Innovation	Advanced Construction Ecosystems	Study Tours	TBC	<ul style="list-style-type: none"> Increased productivity through innovation, technology, and an enabling regulatory environment Increased capabilities of leaders to drive change 	1/01/2024	30/06/2025
Innovation	Advanced Construction Ecosystems	Financial Innovation	Residential sector reference group, the Ministry of Housing and Urban Development	<ul style="list-style-type: none"> Increased productivity through innovation, technology, and an enabling regulatory environment More thriving people and organisations 	1/01/2024	30/06/2025
Emerging Issues and Opportunities	Response to Emerging Issues and Opportunities	Accord Forum	N/A	<ul style="list-style-type: none"> More thriving people and organisations Increased capabilities of leaders to drive change 	1/01/2022	31/12/2025
Emerging Issues and Opportunities	Response to Emerging Issues and Opportunities	Workforce Projections for Flood Response	Te Waihanga, Waihanga Ara Rau	<ul style="list-style-type: none"> More thriving people and organisations Increased capabilities of leaders to drive change 	1/01/2022	31/12/2025
Emerging Issues and Opportunities	Response to Emerging Issues and Opportunities	Emerging and Topical Issues Bulletins	N/A	<ul style="list-style-type: none"> More thriving people and organisations Increased capabilities of leaders to drive change 	1/06/2022	30/06/2025
Knowledge	Beacons	Beacons Projects Production, Research and Events	N/A	<ul style="list-style-type: none"> Reduced waste and embodied and operational carbon More thriving people and organisations Greater Māori construction economy success Increased productivity through innovation, technology, and an enabling regulatory environment Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready 	1/10/2022	29/02/2024

Knowledge	Data, Information and Insights to Assist Decision-Making	Data, Monitoring and Evaluation	N/A	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change Increased productivity through innovation, technology, and an enabling regulatory environment 	1/10/2022	31/12/2025
Knowledge	Data, Information and Insights to Assist Decision-Making	Construction Futures Think Tank	TBC	<ul style="list-style-type: none"> More thriving people and organisations Increased capabilities of leaders to drive change 	1/07/2023	31/12/2023
Networks	Creating and Leading Networks	Construction Leadership Summit	Waihanga Ara Rau	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change 	1/07/2023	30/06/2025
Networks	Creating and Leading Networks	Productivity Delivery Groups	Accord Agencies	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready 	27/04/2023	28/02/2024
Networks	Construction Activator	Activator Hub	Callaghan Innovation	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready More thriving people and organisations Increased productivity through innovation, technology, and an enabling regulatory environment 	1/07/2023	30/12/2023
Networks	Construction Activator	Foundation and Deep Dive Workshops	Callaghan Innovation	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready More thriving people and organisations Increased productivity through innovation, technology, and an enabling regulatory environment 	1/10/2022	31/10/2023
Networks	Construction Activator	Connect Events	Callaghan Innovation	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready More thriving people and organisations Increased productivity through innovation, technology, and an enabling regulatory environment 	1/07/2023	30/12/2023
Networks	Construction Activator	Regional Business Partner 1:1 Business Advisory Service	Callaghan Innovation	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready More thriving people and organisations Increased productivity through innovation, technology, and an enabling regulatory environment 	1/08/2023	31/10/2024
Networks	Construction Activator	Accelerator	Callaghan Innovation	<ul style="list-style-type: none"> Increased capabilities of leaders to drive change A more skilled and diverse workforce that is future ready More thriving people and organisations Increased productivity through innovation, technology, and an enabling regulatory environment 	1/09/2023	31/10/2024