

GOVERNMENT COMMITMENTS TO SECTOR TRANSFORMATION

Workforce capacity and capability

The government is committed to working with industry to grow a skilled, sustainable construction workforce to ensure the sector has the people it needs now and in the future. MBIE estimates the construction industry will need an extra 50,000 workers by 2022.

Construction Skills Action Plan

This is a cross-agency plan that aims to encourage more people into construction careers and increase business investment in training and development through:

- › changes to the government's procurement rules that will require agencies to consider staff training in their tender evaluations
- › new Jobs and Skills Hubs in Auckland to facilitate more work and training placements and new apprenticeships
- › promoting construction careers and supporting the development of micro-credentials
- › funding for employers to recruit beneficiaries through the Mana in Mahi—Strength in Work programme
- › funding for employers for pre-employment or in-work training through the Skills for Industry programme
- › more flexible immigration settings to provide short-term relief for skills shortages, while at the same time working with industry to build the domestic workforce and reduce reliance on temporary migrant labour over time.

KiwiBuild will drive more confidence in the long-term pipeline for housing construction and encourage more firms to invest in skills and training.

Housing New Zealand's Innovate, Partner, Build programme includes capacity partnering agreements that will ensure a minimum number of workers are under training on each development project.

Employment standards — MBIE is focused on compliance with employment standards for all employees in the construction industry and is leading a review of temporary migrant worker exploitation.

Procurement and pipeline management

The public sector spend on buildings and infrastructure makes up around a 20% of the construction industry. The Government is committing to a more visible pipeline of work and procurement practices that are fair, efficient and predictable.

The New Zealand Infrastructure Commission is being established to:

- › create a coordinated long-term plan for all government infrastructure projects
- › publish a pipeline of upcoming projects
- › produce best practice guidance on infrastructure procurement
- › introduce a whole-of-life cost and outcome approach so that long term value is favoured over cheapest price
- › provide support and guidance to agencies on their procurement projects with a total cost of ownership of over \$50 million

KiwiBuild provides a pipeline of 100,000 new homes, giving greater certainty of construction demand in larger centres.

New Housing and Urban Development Authority (HUDA) will increase the pace, scale and certainty of development, including large-scale urban regeneration projects and KiwiBuild.

Partnering with local government through the Urban Growth Agenda to plan and commit to an accelerated pipeline of infrastructure and urban development projects. Includes specific work by the NZ Transport Agency on transport infrastructure projects.

Innovate, Partner, Build programme will create procurement efficiencies by guaranteeing construction companies set volumes of work through its capacity partnering agreements.

Construction Procurement Guidelines will be revised, including more detail on risk management, and Ministers are requiring their agency Chief Executives to follow them.

New government procurement rules will require agencies to follow the construction procurement guides where appropriate, and to submit an assessment of their general procurement performance to MBIE so areas for improvement can be identified.

Transport infrastructure procurement strategy will be refreshed, and the NZ Transport Agency will publish a list of industry engagement activities to ensure all businesses have the opportunity to engage with the transport work programme.

A Social Procurement Framework is being developed to enable and encourage agencies to engage with businesses that are socially responsible, and make it easier for businesses by creating a consistent approach.

Building regulations and consenting

A strong construction industry needs clear and efficient regulatory systems that protect people from harm, but don't act as a barrier to innovation and delivery. An improved regulatory system will help drive the right behaviours in the industry so it can operate at the optimum level needed to meet our future construction needs.

Building system legislative reform programme

The MBIE-led reform programme proposes to reduce the likelihood of things going wrong during the building process, and provide fairer outcomes when they do go wrong. The government has committed to consulting on major changes to New Zealand's building laws. The reform programme includes key proposals for:

- › **Building products and methods** — requiring a minimum standard of information to be available about building products and clarifying roles and responsibilities for ensuring building products are fit for purpose. Enabling the regulations to make consenting easier for modern methods of construction including off-site manufacture.
- › **Occupational regulation** — strengthening regulations for some occupations, including broadening the scope of restricted building work to include non-residential building work and raising competence standards under the Licensed Building Practitioner scheme and introducing licensing for professional engineers who carry out or supervise safety-critical work.

The Building Code will be improved so it is easier to understand and more accessible. It will provide the sector with more clarity, consistency and certainty over building performance requirements and better support innovation.

The consenting process will be improved through:

- › a more fit-for-purpose Building Code that will include making it easier when building medium and high-density housing
- › implementing processes so private consenting authorities can be established to enable the faster building of state and KiwiBuild housing

Risk management and allocation

The way risks are identified and managed has a major impact on the way people behave during the building process and the quality of their work. The government is working to find ways to use regulation to incentivise parties to better manage risks. The regulations must work to make people responsible for the risks they are able to manage.

Building system legislative reform programme has a focus on risk allocation in the building process. It will raise quality throughout the building sector to make sure fewer things go wrong, and provide fairer outcomes when things do go wrong. These include proposals to:

- › increase the uptake of guarantee and insurance products for new residential builds and significant alterations
- › strengthen regulations for some occupations to ensure those who are licensed to undertake restricted work have the right level of competence, and are held account for substandard work or poor conduct.

Consenting — the overall legislative reform programme will lead to greater efficiency in the consenting process. Building consent authorities will have greater confidence in the quality of building work and reduced exposure to risks that they have limited ability to manage. This will reduce the tendency for excessive risk aversion, and therefore speed up the consenting process and open up opportunities for new ways of doing things.

Government Construction Procurement Guidelines will be updated to provide government agencies with more detail on identifying, quantifying and managing risk in construction projects.

Health and safety

Good health and safety practices are critical to a successful and productive construction industry. With the increasing demands on the industry to build more houses and infrastructure faster, we need to improve our health and safety performance.

Health and Safety at Work regulations are being reviewed by MBIE to ensure the framework effectively reduces harm, targets the critical risks, provides clarity for duty holders and is working as intended.

Worker Engagement and Participation (WEPR) projects underway at WorkSafe will help place workers at the centre of health and safety systems.

Partnership with the Construction Health and Safety Association of New Zealand and WorkSafe to develop a more consistent and effective health and safety pre-qualification system for the sector.

Support strategic planning and sustainable resourcing for health and safety leadership groups in the sector.

Government procurement rules will be changed so they support better health and safety at work, and guidance will be developed on incorporating good health and safety practices in procurement.

Streamline contractor health and safety prequalification process — NZ Transport Agency will work to remove unnecessary barriers to entry while maintaining health and safety standards.

External health and safety prequalification — Housing New Zealand now requires all its physical works contractors to undertake this before they tender for work.

More houses and better durability

We need high quality, safe, affordable houses that are built sustainably and support good health and wellbeing. The Government is working with industry to increase the supply of houses, and to make sure new and renovated homes are built to last.

KiwiBuild will increase the number of affordable houses in New Zealand. It aims to build 100,000 homes for first-home buyers in areas where there is a shortage of affordable homes.

\$5.6 billion will be invested to build more state homes and renovate existing ones.

Improve build efficiency and bring down costs of new state houses and KiwiBuild homes through:

- › building to standardised house designs
- › making greater use of off-site manufacturing of new house components
- › introducing new technologies such as cross-laminated timber in new medium density housing.

Housing New Zealand will partner with builders and construction materials suppliers to better harness government buying power and speed up construction through its Innovate Partner Build programme.

Building Code changes will support the creation of more durable housing stock, and ultimately ensure houses are built to be more sustainable and affordable over their lifetime.

Building system legislative reform programme will explore ways to improve building durability by reducing the risk of defects in construction work through:

- › improving the quality of information on building products
- › holding people to account for their choice of building products and the way they use them.