

Plan to transform

While the construction sector is a significant contributor to the New Zealand economy, it faces a raft of issues. The government and construction sector are tackling these, setting out a detailed plan to transform the industry.

BY THE HON. JENNY SALESA, MINISTER FOR BUILDING AND CONSTRUCTION

A HIGH-PERFORMING construction sector is crucial to New Zealand's economy and ultimately to the wellbeing of all New Zealanders.

That's why government and construction leaders are working together to transform the sector through the Construction Sector Accord and a transformation plan.

Significant industry that needs to perform at its best

The building and construction sector is New Zealand's fourth-largest employer, accounting for nearly 10% of New Zealand's workforce. It's our fifth-largest industry by GDP contribution.

These numbers are impressive in themselves and even more so when the sector is growing - construction is one of eight industries forecast for higher than average annual growth to 2026. The 2019 *National Construction Pipeline Report* expects the value of construction activity to hit \$43.5 billion in 2021.

The key to the sustained growth of the sector is to make sure the building system is performing at its best.

Construction Sector Accord enabling change

In April this year, government and industry leaders launched the Construction Sector Accord. The Accord is a commitment

from government and industry to work together to transform the construction sector.

The Accord signals a new way for government and industry to work together to meet some of the key challenges the sector is facing, such as skills and labour shortages, poor risk management, unclear regulations and pipeline of projects, a lack of coordinated leadership and a culture of shifting risk.

It outlines a set of strategic goals, outcomes and nine priority work areas for action. It calls for a change in culture and behaviour to enable the sector to thrive.

The Accord is about everyone working together for the collective cause. The construction sector is an ecosystem that depends on the high performance of its many parts. It's important we get this right for all New Zealanders.

Priority work areas and initiatives

The Accord sets out nine priority work areas for transforming the sector that government and industry will both contribute to:

- Enhanced industry leadership, collaboration and organisation.
- Better business performance.
- Improved culture and reputation.



- Grow workforce capability and capacity.
- Better risk management and fairer risk allocation.
- Improved health and safety at work.
- More houses and better durability.
- Better procurement practices and improved pipeline management.
- Improved building regulatory systems and consenting processes.

The government will lead better procurement practices and improved pipeline management and improved building regulatory systems and consenting processes. Government and industry have shared leadership to grow workforce capability and capacity, better risk management and fairer risk allocation.

The government has committed to 34 initiatives within these priority work areas. These include the Construction Skills Action Plan to build skills and capacity and the establishment of the New Zealand Infrastructure Commission to better manage infrastructure development and procurement.

Transformation plan out soon

Since the launch of the Accord, the focus has been working to build engagement and support across the sector and create a detailed transformation plan by the end of the year.

The transformation plan is coming together, with some bold ideas to make an impact for the sector generated from the Accord steering group as well as feedback from an Accord survey and public workshops in Auckland, Wellington and Christchurch.

The emerging plan incorporates several transformational opportunities in key areas for improvement including leadership, business performance, workforce capability, regulation and risk. The plan will set out initiatives that will be implemented in the short, medium and longer term to drive the right behaviours among all players in the sector.

Everyone needs to be a part of change. We have more than 400 people and businesses signed up to get involved with the Accord programme. Our Accord survey revealed a large majority (79%) of people are ➤

motivated to be a change maker within their respective organisations, which is a positive sign as we all work to transform the sector.

Construction Skills Action Plan

The Construction Skills Action Plan was launched in October 2018 and includes initiatives to improve procurement practices and attract more skilled construction workers.

It forms a key part of the Construction Sector Accord, and we want to make sure that the industry has access to a steady stream of skilled employees to enable the sector to grow.

Through Mana in Mahi, Skills for Industry partnerships and immigration settings, we're well on our way to achieving the goal of an additional 4,000 people in the construction workforce.

We want to work with industry to not only encourage more people into rewarding construction work but support them to upskill throughout their careers, adapt to the changing nature of work and take up new opportunities.

Procurement guided through information and rules

One of the ways the government is working to be a better partner in the sector is through procurement settings. The new Rules of Procurement came into effect on 1 October and will increase the size and skill level of the construction workforce.

For contracts valued at over \$9 million, government agencies must give the skills development and training commitments of suppliers a weighting in the tender process.

I expect the changes will lift agencies' procurement capabilities and make a tangible difference for construction businesses and the workforce.

Next steps

The transformation plan will be launched towards the end of this year. I encourage all those interested to engage with the plan and play your part in transforming the sector. ◀

For more Details of the new construction procurement guidelines are available at www.procurement.govt.nz. Keep up to date with the Accord and the transformation plan at www.constructionsectoraccord.co.nz.

BRANZ welcomes Accord

BRANZ is putting its support and resources behind the Construction Sector Accord.

BY CHELYDRA PERCY, CEO, BRANZ

I HAVE A NUMBER of good friends who work in different parts of the construction industry – property developers, architects, builders, electricians, designers, just to name a few. What strikes me every time I talk to them is their passion for the industry, their work, their businesses and their clients. But what I also observe is the weight on their shoulders.



TRANSFORMING THE SECTOR

Working in this industry is hard – harder than it should be. I believe that we have the opportunity and a duty to change that, which is why I am putting my energy and the resources of BRANZ behind the Construction Sector Accord.

I believe the Construction Sector Accord represents an unprecedented commitment from government and industry to work together to transform New Zealand's construction sector.

It sets out to lift the performance of the building system so that it delivers better outcomes for all. This is a core commitment that BRANZ shares. It underpins everything BRANZ does.

BRANZ ALIGNED WITH ACCORD

I also believe the Industry Transformation Agenda work that BRANZ started in 2017 created the hunger for change that has made the Construction Sector Accord possible. This work started the conversations and supported a cohort of courageous leaders who wanted change in their companies and across the industry.

At BRANZ, our strategic goals and priority work areas align closely to those of the Accord. As an independent, impartial and evidence-based research agency, we provide system-wide knowledge of the industry alongside in-depth data that is supporting, resourcing and informing the Accord.

I am proud to actively work alongside other construction sector leaders to achieve a high-performing construction sector for New Zealand. ▶