

**18 November 2020**

## **New Zealand Construction Industry Council's Briefing to the Incoming Minister**

*Working together to lay the foundation for a stronger future*

### **About us**

New Zealand Construction Industry Council (NZCIC) is a not-for-profit industry association of associations that represents the building and construction sector. It's the cohesive voice driving industry wellbeing and performance for a better built environment for New Zealand and operates as an interface between government (central and local) and industry.

NZCIC's members are not-for-profit, professional peak body organisations and representative groups that are involved in the delivery of our built environment — designers and specifiers, contractors, manufacturers, suppliers and a range of other building professionals. A full list of our members can be [found on our website](#).

### **A better built environment for New Zealand**

The New Zealand construction industry contributes significantly to the country's economy with over 184,000 people [employed in this industry](#) as at the first quarter of 2020 – a significant increase from the prior decade. With over 61,000 enterprises engaged in the sector the [GDP contribution](#) reached over 15 billion New Zealand dollars in 2019.

In August we published a list of [election platforms](#) identifying six key areas we believe will sustain and improve the building and construction industry as well as the overall built environment for the wider New Zealand community. These include:

- Construction industry people capability and capacity investment;
- Strong and ongoing Construction Sector Accord support;
- Sustainability and resilience;
- Progressing key commercial construction law changes;
- Construction's role in post-COVID-19 economic recovery; and
- Building regulatory improvement.

We shared this document with spokespersons from the five major political parties and invited them to provide an overview of their building and construction policies, as well as to respond to the NZCIC's areas of focus. Those 'conversations' were recorded in a [series of videos](#). Overall, there was a general consensus from all parties that we need to work collaboratively and strategically with the government to improve current practices.



## Construction's role post-lockdown

This year has been a rollercoaster, to say the least. Plans and agendas that took months to prepare became void over the course of a few days. Innovation, creativity, safety and restoration became even more thematic for the sector as it responded to the global pandemic.

The construction industry has proved it can adapt quickly to change. As soon as the COVID-19 lockdown was announced, NZCIC began working with industry bodies such as **CHASNZ** and **SiteSafe** (both NZCIC members) to develop safe **standards and protocols** to get our people back onto construction sites as quickly as possible, so that we could keep New Zealand moving during Alert Level 3. New solutions and policies were accelerated to meet the challenges that COVID-19 presented to our sector.

We were heartened by the government's emphasis on greenlighting approvals, consents and funding for 'shovel-ready' projects and the launch of the Apprenticeship Support Programme. Between that activity, the work being done on the Construction Sector Accord, and MBIE's Building Performance programme, we see the development of a more cohesive relationship between the sector and the government.

A current impediment to the construction sector is the inability to find suitably experienced New Zealanders to develop or manage new business operations or complex projects that are being proposed, though whose emergence would bolster the country's economic recovery. The NZCIC is therefore supportive of the call for the development of a private quarantine scheme that will allow businesses to support an intake of specialists.

A looming challenge for the sector due to COVID-19 is disruption to the material supply chain, with manufacturers and design professionals reporting supply delays and price escalation. The NZCIC believes that an opportunity exists to develop a more resilient material supply-chain for New Zealand.

## A greater focus on sustainability and resilience

One of the key areas in which the industry continues to need improvement is sustainability and resilience. On the heels of the global pandemic there was an initial concern that sustainability would drop in priority. However, there is consensus among NZCIC members that sustainability remains a top business goal for most organisations.

Here are some recent examples of successful efforts to facilitate change within the sector:

- The establishment of construction waste recycling companies. The emergence of which will play an active role in reducing the volume of construction waste that ends up in landfills;
  - MBIE's proposed Building for Climate Change programme (NZCIC is supportive and has made a submission on the proposal). However, it should take a full cradle-to-gate life cycle analysis approach to avoid perverse outcomes;
  - The concrete industry is ahead of schedule to reach their **goal of reducing carbon emissions by 30% by 2030** despite a 13% increase in demand;
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- Uptake of the construction sectors' sustainability standards has grown multi-fold in the last year delivering carbon reductions, reducing waste to landfill, and ensuring healthier outcomes for New Zealanders;
  - Property owners are working with industry professionals to develop alternative solutions to demolition. An example being the decision to [upgrade the current Wellington City Library structure](#), instead of opting for a new build; and
  - Trade suppliers have reduced the amount of packaging used on trade orders by 97% by giving customers a “packaging-less” option, see a recent [merchant example](#).

We recognise that our industry contributes significantly to carbon emissions and creates environmental impacts. We are working hard to find solutions that will lower our current and future outputs. Reducing construction waste as well as embedded and operational carbon remains a priority for us.

### **Taking a more strategic approach to the utilisation of the Building Levy**

Acknowledging the significant surplus that has accrued in the Building Levy account, the NZCIC encourages the government to utilise the fund to support the building system proactively. Standards maintenance and development, as well as working collaboratively with industry to target skills gaps, are areas of opportunity.

This investment of surplus building levy money could also extend to the establishment of the previously suggested National Registration Framework for Building Products. A possible companion National Registration Framework for Building Practitioners could also be considered to address occupational regulation, including; refreshing and extending the existing Licensed Building Practitioner Scheme.

This proactive spending can also support the Construction Sector Accord Transformation Plan workstreams.

### **Investing in the capability and capacity of our workforce**

Ensuring that we have a robust and continuous pipeline of new talent while retaining those already in the industry is vital to maintaining New Zealand's growth. An issue that continues to arise is the inconsistent stream of apprentices. The [Apprenticeship Support Programme](#) introduced earlier this year was a positive initiative.

However, the current system doesn't account for the ebbs and flows of building and construction. We'd like to find a solution that is based around flexibility. We believe the best way to retain new and unestablished talent in the industry is to develop a way for apprentices to move between work and study. Doing so will alleviate some of the apprentice retention pressure employers face during downturns.





More broadly, the diverse range of careers that are available across the construction supply-chain are not well understood. There's a great story to be told of the opportunities that exist within what is fast emerging as a high-tech sector. The NZCIC funded 'Constructa Career' is a proposed programme that if implemented, will attract greater numbers of school-leavers to explore careers in construction.

*Suggestions in this area:*

- Continuing the great work with the [Apprentice and Trainee Training Fund](#); and
- Funding the establishment of the Constructa Career programme developed by NZCIC, which is designed to encourage school leavers to consider a career in the construction sector.

### **Support of the industry developed health & safety and wellbeing initiatives**

The construction sector is very focused on developing a strong health and safety culture, underpinned by a commitment to the wellbeing of all of those who work across the construction supply-chain.

The establishment of Construction Health and Safety New Zealand (CHASNZ) in recent times, along with the setting-up of Mates in Construction in late 2019 (as a result of construction having the distinction of being the industry with the highest percentage of suicides in New Zealand), demonstrates that the construction sector is very active and invested in this area. CHASNZ and Mates in Construction are NZCIC members who focus on the Health & Safety and Wellbeing. The NZCIC is of the view that the work of both needs to be supported.

*Suggestions in this area:*

- Provision of sustainable funding for Mates in Construction, which will allow them to expand their network of provision across Aotearoa.

### **Changes to policies, regulation, education and Standards**

Like many of the aging structures in New Zealand, there are plenty of policies and Standards that are due for an upgrade. This year we've submitted on a range of bills and have initiated the review of New Zealand Standard 3910. This NZCIC led workstream is at the stage of a scoping exercise being undertaken, which is being jointly funded by the NZCIC and several government agencies.

NZCIC encourages the prioritisation of reviews regarding the risks and system requirements from product substitution, to ensure trust, confidence, appropriate risk allocations and accountability in the sector.

### **Room for improvement**

The building and construction industry isn't the same as it was 20 or even ten years ago. We're constantly striving to do better. We're encouraging operators to abandon the "race to the bottom" mentality. We hope to see a healthier, skilful and accountable workforce, a more consistent stream of new talent, more time and resources spent on reviewing





regulations and Standards, and the promotion of using materials based on durability and low-environmental impact (rather than assessments on products and material being price led).

In short, we don't want New Zealand to just survive, we want it to thrive. We look forward to working closely with you to create a vibrant building environment in New Zealand.

Yours sincerely,



**Graham Burke**  
Chair of the New Zealand  
Construction Industry Council

