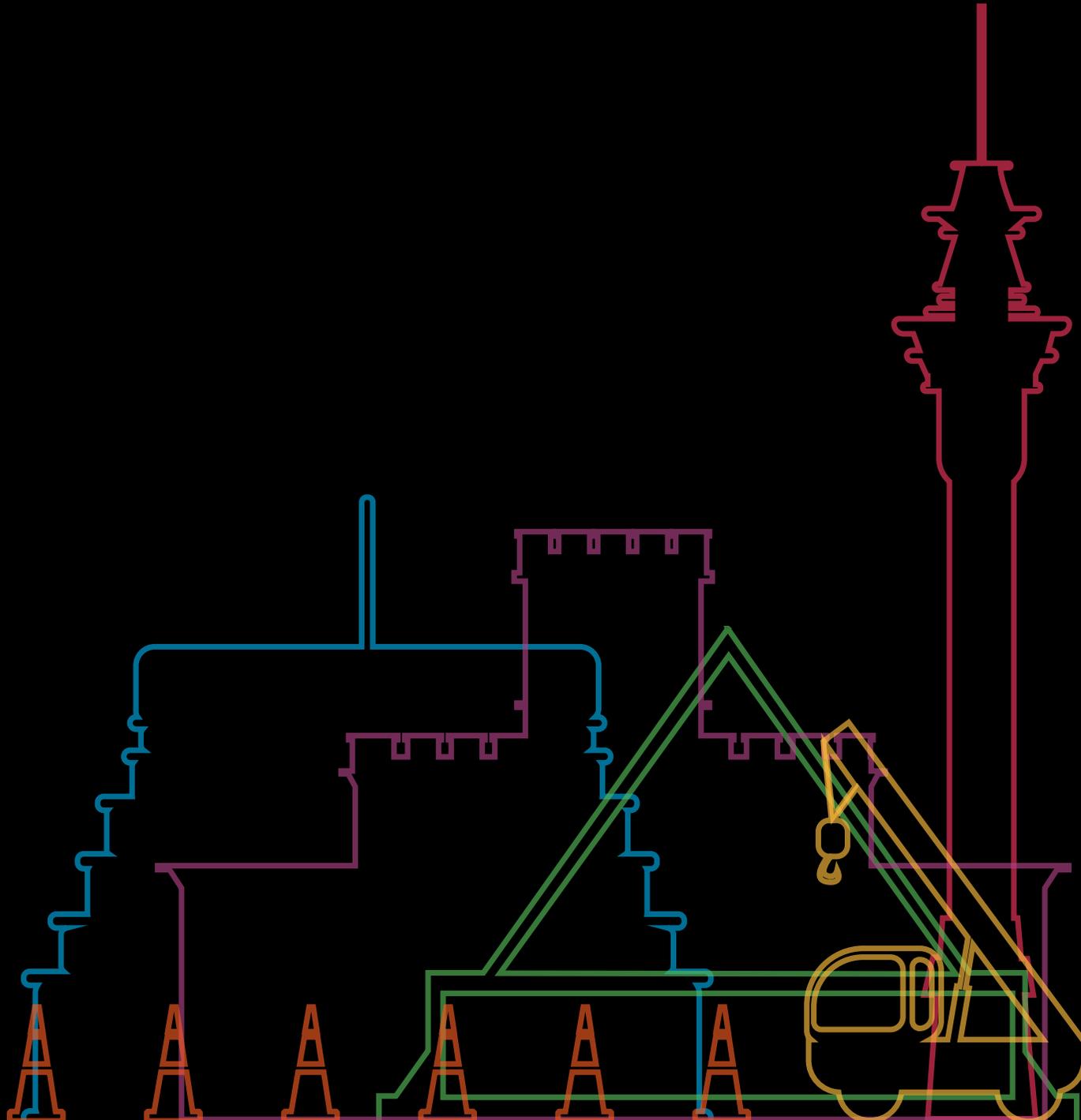


New Zealand  
**Construction  
Industry  
Council**

## Annual Report

# 2021





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# A message from our Chair

The last year has been a roller coaster for the sector starting the new financial year in COVID-19 Alert Level 4 and finishing with record high levels of activity. Nobody could have predicted the events of the past year. Most short-term construction work predictions following lockdown completely missed the mark, with activity levels predicted to drop by up to 40%. Instead, we saw the sector rocket to new highs. Once again, the industry was and continues to be constrained by skills shortages, and now we're grappling with a shortage of material supplies as well.

NZCIC has performed well over the year and has managed to meet the quickly changing demands of the industry. NZCIC halved our annual membership fees for the year and increased our services to members to support members through the fallout of COVID-19. This has resulted in a net-growth in membership in a time when would be expected to drop. During lockdown, our Executive was heavily involved in wider industry engagement and NZCIC was closely linked to the Construction Sector Accord. NZCIC weekly updates to members and broader industry via our social media platform became the "one source of truth" for members and the wider industry and our social media presence grew exponentially.

COVID-19 has been the biggest disrupter to industry and the country in many years. We'll likely feel its continued effects for some time. Auckland returned to Alert Level 3 twice and other countries around the world are still in the grip of the pandemic. Though we cannot ignore the impact of COVID-19, we must look to the future and making the positive changes, including those which were underway before the pandemic. With this in mind, NZCIC has reviewed our strategic plan and reduced our workstreams from six to four: Sustainability, Regulatory Review, People – Capability and Capacity, and Fair and Equitable Contracts and Allocation of Risk.

Concentrating on four workstreams will enable the Executive to:

- Make progress in these key areas
- Maintain time to react to changing industry conditions
- Sustain the quality of our submissions on the growing number of government consultations.

NZCIC has worked hard to cement our relationship with the Construction Sector Accord and government agencies. As well as making submissions on government consultations, we have:

- Developed good working relationships with government officials
- Responded to requests for feedback from Treasury, MBIE and Infracom.
- NZCIC has built on the relationship with our members.

Forming a collective view from a membership as diverse as ours is no easy feat – one that NZCIC is managing regularly. Historical comments that NZCIC is ineffective and unable to form an agreed position have been laid to rest. Industry leaders, the media, government officials, and Ministers are expressing a keenness to listen. Could this be the first sign that the divisions plaguing the industry are beginning to heal?

There is no doubt that times are changing. Aside from the effects of COVID-19, we have a government that is committed to social transformation, and industry transformation through the Construction Sector Accord. The Accord Transformation Plan was released just before lockdown. However, it took a backseat to the immediate issues that arose from the pandemic. Whilst COVID-19 may still be lurking, we need to push on. We must continue to make the necessary changes that will transform the industry as visualised in the Transformation Plan.

It has been an honour to chair NZCIC over the last two years. Leading such an inspiring and motivated executive team has been a real privilege. NZCIC's challenge is to continue to build momentum to influence the structural changes the industry needs. More importantly, we must cement the cultural changes needed to transform the industry for the benefit of our members and the built environment.



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

# What we do

NZCIC works in areas of information, networking, advocacy, research and legislation and continues to contribute to consultations in areas including:

- Building Act
- Building Code
- Licensed Building Practitioner Scheme
- Health & Safety
- Joint & Several Liability
- Voidable Transactions
- Industry Training Review
- Earthquake Prone Building Review
- ConstructaCareer.

Our purpose

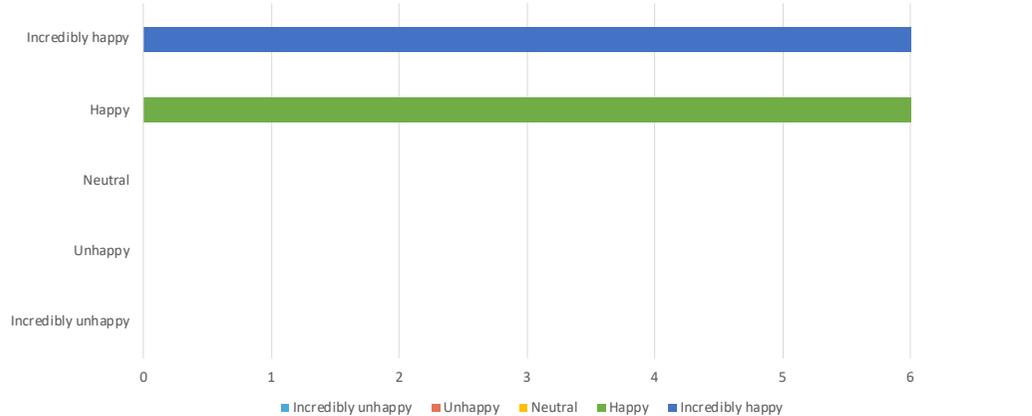
***NZCIC – the  
cohesive voice  
driving industry  
well-being and  
performance  
for a better built  
environment for  
New Zealand.***

# How members felt about our 2020-2021 performance

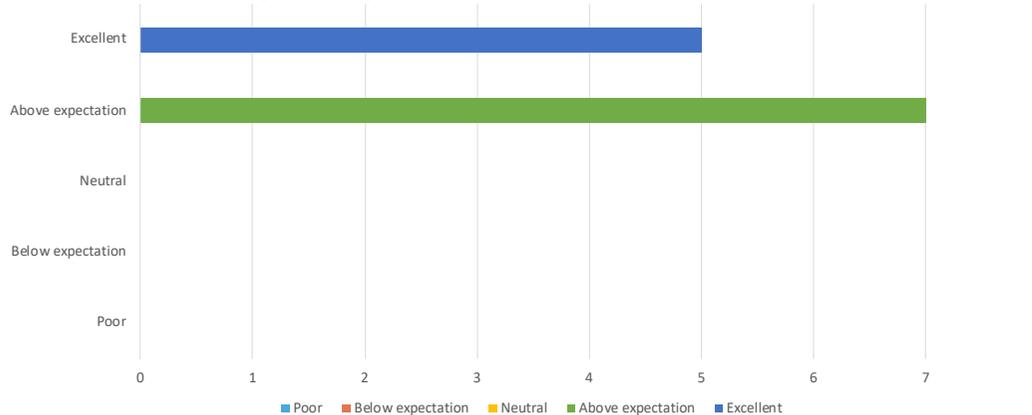
**Is there any NZCIC workstream or initiative across 2020 that you were particularly pleased to see occur?**



**How satisfied were you with NZCIC this year overall?**



**NZCIC is governed by the Executive, please rate the group's performance across 2020, a year in which strong leadership was required**



*"I think the Executive has done a good job - would have liked to see more ability for non-members to get involved in committee activities."*

*"I do think the size of the group can bring some challenges and making sure new members are engaged but also adding value needs to be considered. I think NZCIC should have a clear membership criteria that is relevant."*

*"Graham has done a great job."*

# Highlights

**10** 

*Government submissions made*

**100%**

*Of members said that they were either happy or incredibly happy with NZCIC's performance in our annual Membership Satisfaction Survey*

**35** 

*Total New Zealand Construction Industry Council members*

**2** 

*New members joined New Zealand Construction Industry Council*

**30000+** 

*Organic LinkedIn followers gained in our first year on social media*

*NZCIC – the cohesive voice driving industry well-being and performance for a better built environment for New Zealand.*

*\*As indicated in our 2020/2021 Member Satisfaction Survey*

This workstream combines the NZCIC's previous Vocational Education and Industry Attractiveness workstreams and realises NZCIC's own ConstructaCareer programme which is designed to attract college-aged students to consider a career in the construction industry.

During 2020/2021 NZCIC's People, Capability and Capacity sub-committee continued its involvement in the development of two of the educational entities the Government created through its Review of Vocational Education (RoVE) reform – the construction and infrastructure focused Centre for Vocational Education, and the Workforce Development Council (WDC) for construction and infrastructure.

NZCIC also maintains close contact with the Manufacturing, Engineering and Logistics WDC, which will represent a number of NZCIC members.

# People Capability & Capacity



# Fair and Equitable Contracts and Allocation of Risk

The Fair and Equitable Contracts and Allocation of Risk workstream connects with the Construction Sector Accord's Business Performance and Procurement and Risk workstreams.

Activities under this workstream include:

- Supporting a Construction Sector Accord project being delivered by Engineering NZ to establish a panel of skilled people that can undertake the role of Engineer to the Contract.
- Working with MBIE on the development of post-COVID-19 contract clauses that share the risks posed by unforeseen events.
- Supporting the proposed changes to the Construction Contracts Act to better manage retentions, especially in the event of company insolvencies. It is encouraging to see that post the period of this report the Government has introduced the Construction Contracts (Retention Money) Amendment Bill to Parliament. The changes proposed in the Bill are closely aligned with the changes that NZCIC has been advocating for and we will be supporting the changed through the legislative process.

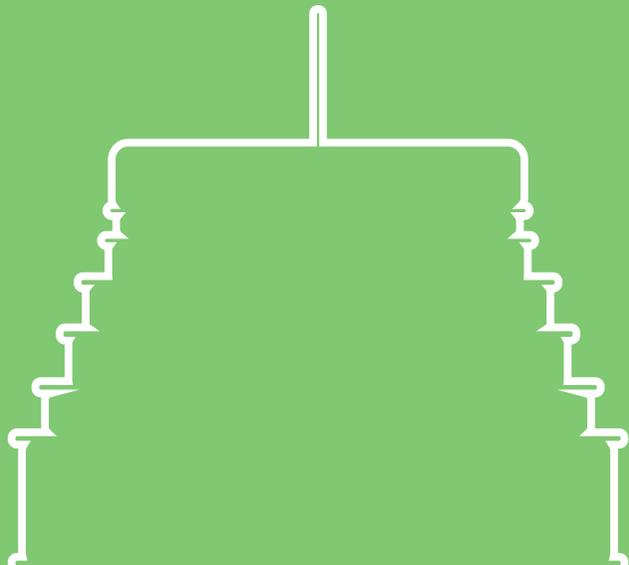
## *Review of NZS 3910*

Our key initiative over the past year was to drive the Review of NZS 3910 Conditions of Contract for Building and Civil Engineering Construction. The review aims to update the Standard to align with current legislation and the collaborative principles embodied in the Construction Sector Accord. NZS 3910 is the foundation for most New Zealand contracts in the building, engineering, construction and infrastructure industry sectors and therefore governs many industry relationships.

It is intended that the updated contract will substantially reduce the number of special conditions, reduce the number of disputes and tags, fill gaps, and embrace a "smart contract" form making it easier to use, understand and implement.

In November 2020 NZCIC (with financial assistance from MBIE, Infracom, Kiwirail, Ministry of Education and Kainga ora) commissioned Standards NZ to work with the industry to complete a Scoping Project. The major findings of the Scoping Project completed in March 2021 were:

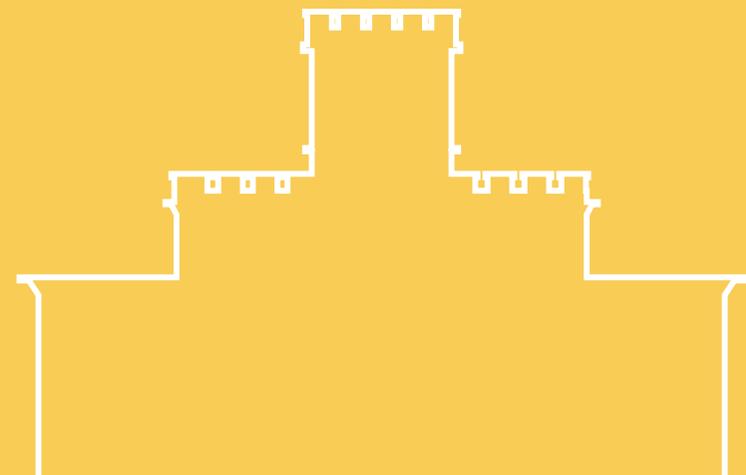
- The industry preference to retain the document as a New Zealand Standard subject to funding and commissioning details being agreed with Standards
- That a single standards development committee to be established to both draft an interim standard to capture non-controversial changes and simultaneously revising the full standard
- The full review will have a broad scope with 34 key areas identified
- The review is expected to take approximately 24 months to complete
- NZCIC is now working with key partners including the Construction Accord, MBIE and Infracom to initiate the review.



During 2020/2021, the NZCIC Regulatory Review Subcommittee completed two submissions resulting from the Building Legislative System Reforms in January 2020 and again in July 2020.

- The resulting Building (Building Products and Methods, Modular Components, and Other Matters) Amendments Bill encompasses elements such as:
- Minimum product information requirements
- Strengthening the CodeMark product certification scheme
- A new manufacturer certification scheme for modern methods of construction
- New offences and penalties to support product information requirements and modern methods of construction.

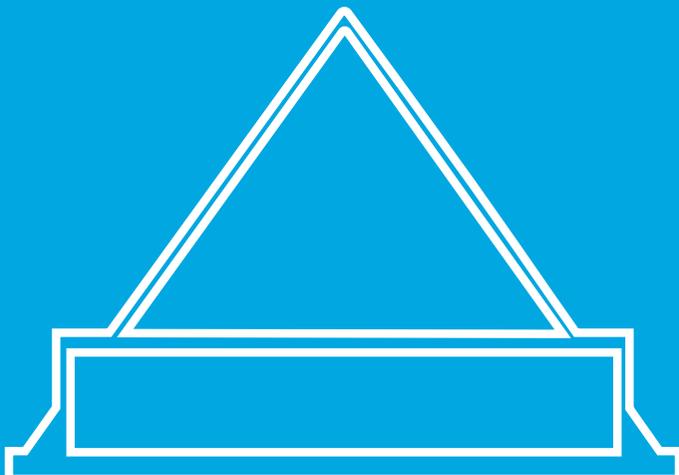
# Regulatory Reform



# Sustainability

Goals of the NZCIC Sustainability sub-committee include:

- Working to identify “green influencers” and NZCIC members who have sustainability programmes, and recognising best practices and opportunities to share across NZCIC’s membership
- Engaging with MBIE and other government agencies to identify how NZCIC’s Sustainability sub-committee can best support the government’s proposed programmes of work in areas such as improved building resilience through climate change, construction waste, and the circular economy
- Mapping out sustainability deliverables and reasonable timelines
- Engaging with Construction Accord team to:
  - Promote NZCIC member best practice through Construction Sector Accord Beacon projects
  - Identify, share best practice, and align programmes to ensure optimal use of resources.



# Our Board



**Graham Burke,**  
**NZCIC Chair**



**Nick Collins,**  
**NZCIC Executive Member**



*Christine Johnston was  
also a member of the NZCIC  
Executive Member until  
Nov 2020*



**Malcolm Fleming,**  
**NZCIC Deputy Chair**



**Rob Gaimster,**  
**NZCIC Executive Member**



**Nick Hill,**  
**NZCIC Executive Member**



**Nick Batchelor,**  
**NZCIC Executive Member**



**Gillian Wess**  
**NZCIC Executive Member**



**Peter Silcock,**  
**NZCIC Executive Member**

# Statement of financial performance | Construction Industry Council

<b>Project outputs</b>	<b>2020/2021</b>	<b>2019/2020</b>
Industry Attractiveness	0	27,537
Regulatory Reform	0	0
People, Capability & Capacity	0	0
Fair and Equitable Contracts and Allocation of Risk	4,869	0
Sustainability	0	0

<b>Income</b>	<b>2020/2021</b>	<b>2019/2020</b>
Full membership subscriptions	40,500	67,000
Associate membership	2,000	6,000
Voluntary donations	2,200	2,200
Interest	4,289	7,022
Project co-funding	12,500	-
<b>TOTAL INCOME</b>	<b>61,489</b>	<b>82,222</b>

<b>Expenditure</b>	<b>2020/2021</b>	<b>2019/2020</b>
Bank fees	-	100
Audit fee	3,709	3,417
Insurance	1,727	264
Meeting expenses	3,100	6,597
General expenses	551	692
Telecommunications	420	420
Treasury services	1,000	1,000
Secretariat	55,469	20,811
Legal expenses	-	1,035
PR/ Communications	3,778	7,663
Travel	319	890
<b>TOTAL OPERATING EXPENSES</b>	<b>76,073</b>	<b>42,889</b>
<b>Project expenses</b>	<b>2020/2021</b>	<b>2019/2020</b>
Projects – General	18,369	-
Projects –Industry Attractiveness	-	27,537
<b>TOTAL PROJECT EXPENSES</b>	<b>18,369</b>	<b>27,537</b>
<b>Total expenditure</b>	<b>94,442</b>	<b>70,426</b>
NET SURPLUS/(DEFICIT) FOR THE YEAR	(32,953)	11,796
Taxation expense	(921)	(1,686)
<b>NET SURPLUS/(DEFICIT) AFTER TAXATION</b>	<b>(33,874)</b>	<b>10,110</b>

## Statement of financial performance | Movement in Equity

	2020/2021	2019/2020
Equity at the beginning of the year	286,862	288,788
<b>NET SURPLUS/(DEFICIT) – Construction Industry Council</b>	(33,874)	10,110
<b>NET SURPLUS/(DEFICIT) – Construction Safety Council</b>	–	(12,036)
<b>TOTAL EXPENDITURE</b>	<b>12,041</b>	<b>–</b>
<b>EQUITY AT THE END OF THE YEAR</b>	<b>252,988</b>	<b>286,862</b>

# Statement of financial position

	2020/2021	2019/2020
<b>EQUITY</b>	<b>252,988</b>	<b>286,862</b>
Represented by:		
<b>CURRENT ASSETS</b>		
Construction Industry Council – Cheque account	61,728	55,558
Construction Industry Council – Term deposits	200,000	234,462
Construction Safety Council – Cheque account	–	–
Accrued interest	1,520	1,240
Accounts receivable	5,813	–
Other accruals	4,029	–
GST refundable	1,939	3,020
<b>TOTAL CURRENT ASSETS</b>	<b>275,029</b>	<b>294,280</b>
<b>LESS CURRENT LIABILITIES</b>		
Accounts payable	13,504	1,230
Other payables	4,058	3,783
PAYE accrued	1,078	719
Income tax payable	921	1,686
<b>TOTAL CURRENT LIABILITIES</b>	<b>22,041</b>	<b>7,418</b>
<b>NET ASSETS</b>	<b>252,988</b>	<b>286,862</b>

# Statement of cash flows

	2020/2021	2019/2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Construction Industry Council cash received and applied</b>		
Full, Associate and Voluntary Donation Memberships	51,375	86,737
Investment interest	4,008	7,221
Operating income	120	5,945
Net GST	(1,228)	(1,398)
Operating expenses	(77,007)	(51,418)
Project expenses	(12,499)	(31,667)
Taxation expense	(1,686)	(1,675)
	<b>(28,292)</b>	<b>13,745</b>
<b>Construction Safety Council cash received and applied</b>		
Industry funding	–	–
Investment interest	–	6
Contractor fees and expenses	–	–
Project expenses	–	–
Grant paid to CHASNZ	–	(12,041)
	<b>–</b>	<b>6</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>–</b>	<b>1,710</b>

## Statement of cashflows continued

	2020/2021	2019/2020
<b>CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</b>		
Cash received	–	–
Cash applied	(200,000)	–
<b>NET CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES</b>	<b>(200,000)</b>	<b>–</b>
Net increase/(decrease) in cash	(228,292)	1,710
Opening cash	290,020	288,310
<b>CLOSING CASH</b>	<b>61,728</b>	<b>290,020</b>
This is represented by		
NZCIC bank and cash	61,728	290,020
NZCSC bank and cash	–	12,035
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>61,728</b>	<b>290,020</b>

# Statement of financial performance | Construction Safety Council

Income	2020/2021	2019/2020
Industry funding (NZCF)	–	–
Interest	–	5
<b>TOTAL INCOME</b>	<b>–</b>	<b>5</b>
Expenditure	2020/2021	2019/2020
Grant paid to CHASNZ	–	12,041
Contractor fees and expenses	–	–
General expenses	–	–
Advertising	–	–
<b>TOTAL EXPENDITURE</b>	<b>–</b>	<b>–</b>
<b>NET SURPLUS/(DEFICIT) AFTER TAXATION</b>	<b>–</b>	<b>(12,036)</b>

# Our members

