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# **TRANSFORMING THE CONSTRUCTION SECTOR**

EARLY OUTCOMES

March 2022





## Preface

This report has been prepared for the Accord Transformation Unit by EeMun Chen, Jane Godfrey, Stephen Knuckey, Sharyn Jones, Marcus Pawson, Lan Fu, and Renee Jaine from MartinJenkins (Martin, Jenkins & Associates Limited).

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# SUMMARY

## Introduction

### **Government and industry are both committed to transforming the construction and building sector**

The Construction Sector Accord is a shared commitment between government and industry to transform the construction and building sector in Aotearoa New Zealand. The Accord was co-developed by government and industry leaders and launched in April 2019 with the vision of “A high performing construction sector for a better New Zealand.”

The Construction Sector Transformation Plan was released in January 2020. This is a three-year action plan for change focused on addressing the challenges the sector faces. It sets out how the vision and goals of the Accord will be achieved.

**This report recognises achievements so far, and recommends some improvements to governance, structures, and the actions to be taken**

This report presents an evaluation of how the Construction Sector Accord and Construction Sector Transformation Plan have progressed so far, and of the early outcomes achieved.

It also presents recommendations on how to improve the governance and structures that support the Accord and the work under the Transformation Plan, as well as recommendations for the next iteration of the Transformation Plan.

## Overview of the achievements so far

### **COVID-19 sped up some existing industry-government work, but it also slowed progress in implementing the Transformation Plan**

The Accord provided a strong platform to progress government and industry response to the COVID-19 pandemic, and the sector was able to coherently present to Ministers on the challenges and opportunities

facing the sector. The urgency of the COVID-19 response, combined with the improved government-industry relationships, sped up the existing joint work related to the Accord.

However, the COVID-19 response also meant that much of the work to implement the Transformation Plan was paused. When the Plan was reactivated, the work did not have the same urgency and pace as in the COVID-19 response. Consequently, results were not achieved to the extent expected when the Plan was launched.



### **The early outcomes include shifts in behaviour and culture**

The Construction Sector Accord and the Transformation Plan have directly stimulated some behavioural and culture shifts, including:

- \* **greater trust and better relationships** and collaboration between government and industry
- \* **improved procurement practices** and capability within government departments
- \* improved awareness and **support for mental health** within the industry sector / greater awareness of the importance of improving approaches within the sector to mental health, diversity, and climate change.

### **Not all the relevant behaviour changes may be directly attributable to the Accord and the Plan**

Some of those behaviour changes described above may also be attributed to work outside the Accord and the Transformation Plan. For example, work in the sector to raise awareness of mental health issues has happened outside of the delivery of the Accord and the Plan, and awareness has increased because of the impact of the COVID-19 pandemic and lockdowns.

However, without the Accord and the Transformation Plan it is unlikely that the current strong relationships between and within industry and government would have been developed.

In some cases, there are perceptions within the sector that behaviours have changed, but because of a lack of awareness of the Accord and the Plan, people in the sector do not associate those changes with them.

“ Changes have been occurring at the sort of pace I'd expect, which isn't super-fast. But the fact that it has been changed already is quite a positive sign

– Interviewee from industry association

### **Different workstreams face different challenges**

The scale of the challenges and the outcomes sought for each workstream are not equal.

For example, the “Beacon” projects workstream is very task-oriented (that is, developing and launching video case studies), while the Environment workstream (7) requires significant shifts in attitudes and behaviour.

Some workstreams have also been able to establish themselves quickly because significant work had already been done (for example the Health, Safety, and Wellbeing workstream and the Procurement and Risk workstream), while others started from lower bases.

### **How the transformation work could have more impact: Some recommendations**

#### **Transforming the construction sector will take time, and there is benefit in being explicit about what can be achieved in the short-term**

It takes time to address the complex issues involved with transforming a whole industry. While there have been shifts in the right direction, it will take time before we see evidence of significant change.

The objectives for the initial three-year Transformation Plan were also ambitious, and we took that into

account when evaluating the early outcomes. Future iterations of the Plan should be explicit about what can reasonably be achieved in the short-term.

Taken together and over time, the actions in the Plan will probably make some progress towards the medium-term outcomes that are sought, and are already on the right trajectory to do this.

However, some workstreams, and the actions in them, may not necessarily be the right ones to transform the construction sector in the most efficient and effective way. Some may also not be at the scale needed to make wide-reaching and sustainable changes. Scale, effectiveness, and channels for delivery should be reviewed when developing the next iteration of the Plan.

**Increasing the awareness of the Accord and of its purpose and scope will also help the transformation work make an impact**

The Accord and the Transformation Plan are not well known across the construction sector.

Some of the people we interviewed and spoke to in the focus groups knew little about the Accord and the actions taken under the Plan. Surveys of a cross-section of construction and building business leaders also indicated they had little awareness.

Greater visibility and clarity about the purpose and scope of the Accord will also help the transformation work make an impact.

**There is now an opportunity to align different parts of the work, to be clearer about the results sought, and to widen participation**

The progress so far under the Plan

provides a strong platform for the future.

The next phase of the Accord and the next iteration of the Transformation Plan provides a significant opportunity to better align the key transformational activities, to be clearer about the outcomes that are sought, and to widen participation to a broader group of stakeholders.

## Summary of recommendations

### STEP 1.

#### Prioritise

- ❖ Explicitly include Te Ao Māori and outcomes for Māori, iwi/hapū, and whānau.
- ❖ Refocus on longer-term transformational challenges and opportunities.
- ❖ Clarify if and/or when the Accord works on emerging issues, like the COVID-19 response. Take a prioritisation approach for determining which workstreams and actions are included in the Plan. The use of a scoring and criteria-driven approach should help with this.
- ❖ Re-assess what drives behavioural and cultural change, and modify actions to incorporate 'what works'. The process used in the Environment workstream to develop the Construction Sector Environment Roadmap is a good model.

### STEP 2.

#### Clearly communicate

- ❖ Increase visibility of the Accord and engage a wider group of stakeholders.
- ❖ Ensure the Accord as a whole, and the workstreams, learn from each other and apply lessons from Industry Transformation Plans implemented in other sectors.
- ❖ Continue to strengthen the industry-government relationships that have been established so far.

### STEP 3.

#### Broaden appeal and value in participating

- ❖ It is recognised that the sector is diverse and fragmented, which makes it difficult to reach consensus and to identify representatives for all sector segments. Governance membership could be reviewed and/or development of alternative ways to ensure representation and voice from the wider sector.
- ❖ The Accord and delivery of the Plan could benefit from more input from academics, research organisations, and local government. These groups could provide valuable evidence on "what works".
- ❖ Develop and implement dedicated communications and engagement plans for workstreams and actions.

# INTRODUCTION

## The Construction Sector Accord

The Construction Sector Accord is a shared commitment between government and industry to transform the construction and building sector. The Accord was established to respond to long-standing issues in the sector<sup>1</sup> – to ensure it will meet ongoing high demand for housing and infrastructure programmes, and better support New Zealand’s economic and social wellbeing.<sup>2</sup>

The Accord was co-developed by government and industry leaders and launched in April 2019 with the vision of achieving “A high performing construction sector for a better New Zealand”.

The sector faces several challenges that threaten its ability to meet the growing demand for high-quality housing and infrastructure. The industry has generally been slow to innovate, and faces long-term systemic challenges including skills shortages, fragmentation, poor risk management practices, and low productivity. Government regulations need strengthening, procurement practices are inconsistent, and the pipeline of government construction projects remains uncertain.

The Accord is a first step toward addressing the urgent need for change in the sector in order to help ensure New Zealand’s future economic success and social wellbeing.<sup>3</sup>

## The Transformation Plan and its workstreams

In January 2020, the Construction Sector Transformation Plan was released. It is a three-year action Plan focused on addressing the challenges faced by the sector. It sets out how the Accord’s vision and goals will be achieved.

A range of groups and forums were convened, to work together to deliver on the Transformation

Plan and achieve the Accord’s overarching vision (Figure 1).

The construction and building sector is broad and influences many parts of society. As a result, there are eight Accord Ministers<sup>5</sup> who meet as part of the Accord Ministers Group, and 12 government Accord agencies that are represented on the Accord Agencies Working Group.

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1. <https://www.constructionaccord.nz/>

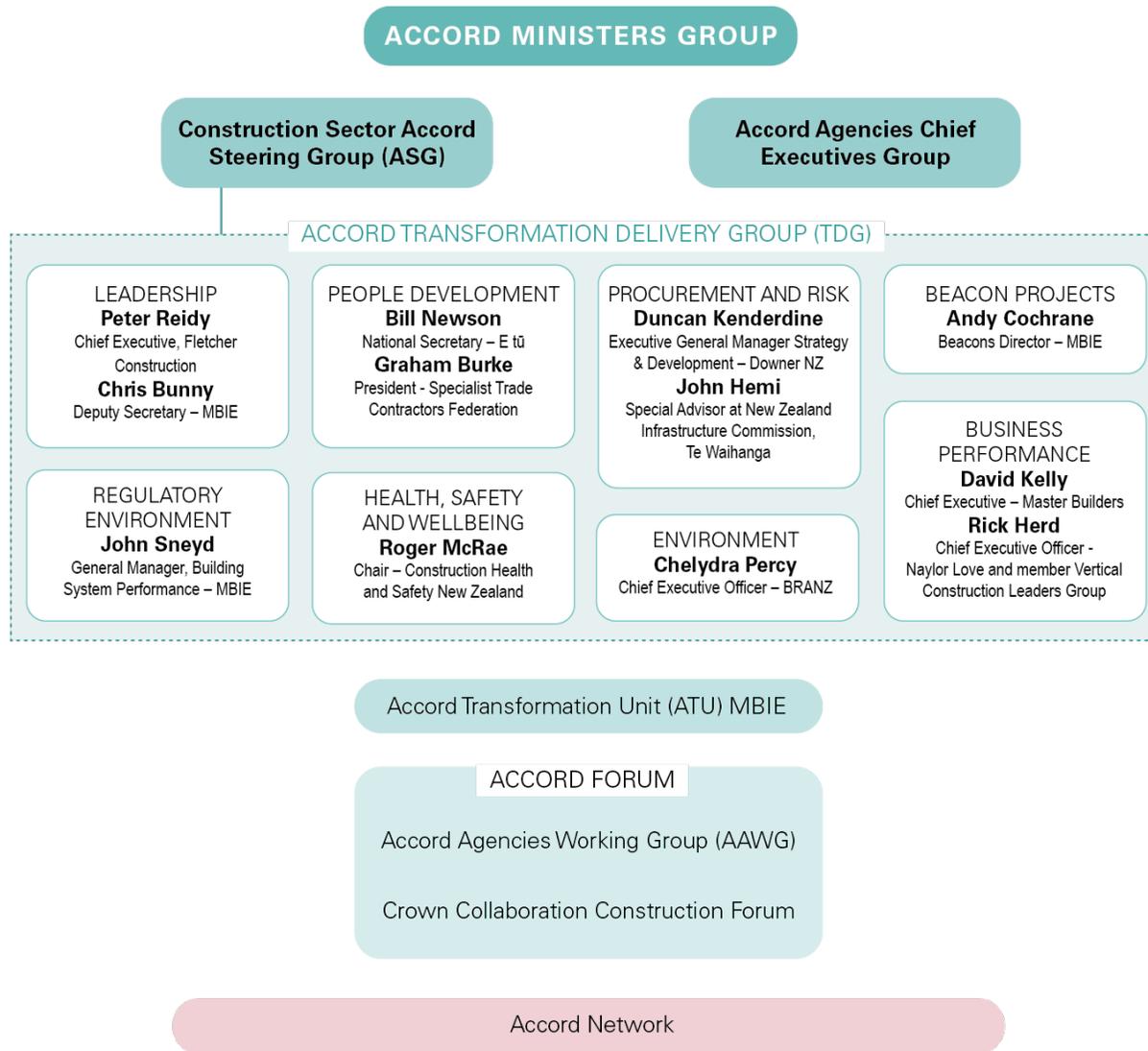
2. DEV-19-MIN-0056 refers.

3. Construction Sector Accord. (2020). *Construction sector: Transformation plan*. Construction Sector Accord. <https://www.constructionaccord.nz/assets/Construction-Accord/files/constructionaccord-transformation-plan.pdf>; Construction Sector Accord. (2021c). Accord Agencies Chief Executives’ Group: Terms of reference. Construction Sector Accord.

4. Minister for Building and Construction; Minister of Housing; Minister for Economic and Regional Development; Minister for Workplace Relations and Safety, and Minister of Transport; Minister for Infrastructure and Minister of Finance; Minister of Education; Minister for Local Government; Minister of Health

5. Ministry of Business, Innovation and Employment; Ministry of Housing and Urban Development; Waka Kōtahi | New Zealand Transport Agency; Worksafe; Ministry of Education; Kāinga Ora; Ministry of Health; Tertiary Education Commission; New Zealand Infrastructure Commission; New Zealand Defence Force; Department of Corrections and Ministry of Justice

Figure 1. Accord leadership and delivery structure



**THE DIFFERENT WORKSTREAMS IN THE TRANSFORMATION PLAN**

Since the Transformation Plan was released, two additional workstreams have been added to the Plan programme, with the endorsement of the Accord Steering Group (ASG), to ensure that the Plan responds and delivers to the Accord outcomes and goals. The workstreams are:

- 1 **Leadership**

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- 2 **Business Performance**

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- 3 **People Development**

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- 4 **Health, safety and wellbeing**

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- 5 **Regulatory environment**

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- 6 **Procurement and risk**

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- 7 **Environment (confirmed in June 2020)**

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- 8 **Beacon projects (confirmed in March 2020)**

The Plan sets out initiatives that will be implemented in the short-, medium-, and longer-term to drive the right behaviours among all players in the sector.<sup>6</sup>

6. Construction Sector Accord. (2020). *Construction sector: Transformation plan*. Construction Sector Accord. <https://www.constructionaccord.nz/assets/Construction-Accord/files/construction-accord-transformation-plan.pdf>

# INTRODUCTION

## The Accord Transformation Unit

The Accord Transformation Unit (ATU) is the secretariat and programme management office for the Plan. The ATU sits within the Ministry of Business, Innovation, and Employment (MBIE), which is the steward and central regulator of the New Zealand building system.

The role of the Accord Transformation Unit includes:

- managing programme resources and finances
- managing programme-level risks, issues, changes, and benefits
- analysis, monitoring, and reporting to the Accord Steering Group and external audiences for workstream activity as well as benefits achieved
- planning and delivery of communications and stakeholder management to support programme delivery
- supporting workstreams to deliver actions
- providing administrative support to the Accord Steering Group and preparing for and organising meetings of the Accord Steering Group and the Transformation Delivery Group (TDG).

## How the transformation work is funded

The Construction Sector Accord, the delivery of the Accord Transformation Plan, and the Accord Transformation Unit received funding of \$8.5 million through Budget 2020.<sup>7</sup>

A considerable amount of resource that's not accounted for is the time commitment from agencies and industry towards governance activities, initiatives, and project delivery across the Transformation Plan.

## Short-term outcomes that are sought

The diagram over the page (Figure 2) provides a high-level summary of the short-term outcomes that the Transformation Plan is seeking to achieve through each of its workstreams.

It also indicates very broadly whether, and to what extent, those outcomes have been achieved so far.

## Structure of this report

The structure of this report after this Introduction corresponds to the eight workstreams under the Transformation Plan:

- 1 **Leadership**
- 2 **Business performance**
- 3 **People development**
- 4 **Health, safety and wellbeing**
- 5 **Regulatory environment**
- 6 **Procurement and risk**
- 7 **Environment**
- 8 **Beacon projects**

7. The COVID-19 Response and Recovery Fund contributed \$8.50 million, and \$1.42 million was contributed from Accord agencies from within agency baselines.

Figure 2. The short-term outcomes the Transformation Plan aims to achieve



# LEADERSHIP

## MEDIUM-TERM OUTCOME

The Accord Steering Group is influential and changes the behaviours and practices of the construction sector

## SHORT-TERM OUTCOME

The construction sector is aware of the Accord Steering Group and the Accord Steering Group is perceived as representing and leading the sector

TO SOME  
EXTENT

## WORKSTREAM PROGRAMME

- ❖ Development and implementation of reform engagement model
- ❖ Development and launch of Accord Network and resource hub
- ❖ Collaboration and sharing amongst Accord leadership group
- ❖ Sector engagement with, and awareness of, Construction Sector Accord

## The Accord Steering Group has strengthened the collaboration between industry and government; the Group has become a go-to industry partner for government

The work of the Accord Steering Group to tackle COVID-related challenges and its strengthened relationships with Ministers have been significant successes of the Accord. The Accord Steering Group has become the go-to partner for government's engagement with a diverse and fragmented industry – that view emerged consistently in interviews and focus groups.

“The change has been positive and has resulted in greater collaboration across the sector. It has also seen a greater collaboration between government and industry.”

– Accord Business Leaders Survey participant

The stronger relationships, collaboration, and trust among members of the Accord Steering Group, and with Ministers, bodes well for delivering the Plan and workstreams in the future.

We recommend that government and industry consider including, as an explicit outcome in the next iteration of the Plan, improved engagement and collaboration among all members of the industry sector, and with government.

“... it was nearly impossible to get anything through [to government] ... or to be able to even consult, it was terrible. But after the Accord, it was almost like multiple government agencies sort of stopped and realised, hey, we can trust them. Like we're... all in this together, working together. And their opinion is... quite useful. “I know that should have happened before. But it didn't. And that's why [government and industry] started the Accord. Relationships were terrible. And I genuinely think the Accord has really, really helped with lots of the ongoing relationships.”

– Interviewee from industry association

# LEADERSHIP

## The building and construction sector has little awareness of the Accord or the Accord Steering Group

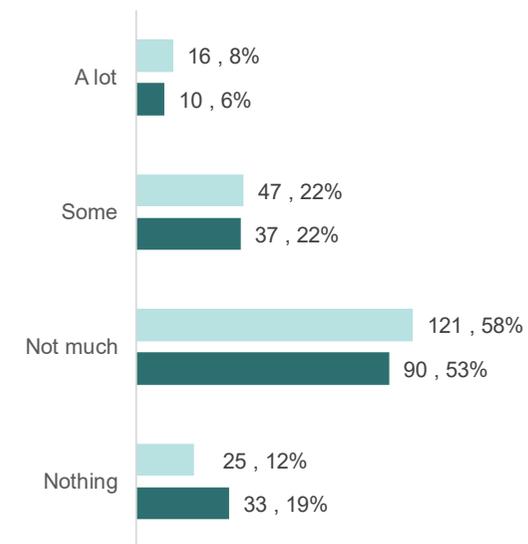
If the Accord and Plan were making significant progress with the sector, awareness of the Accord would be expected to be high, and the workforce would be engaged.

The first and second Accord Business Leaders surveys (2020 and 2021) suggest that awareness and knowledge is low and hasn't changed materially between 2020 and 2021 (Figure 3). In 2021, 30% of building and construction business leaders had heard about the Accord, up from 26% in 2020. In 2021, 28% of business leaders indicated that they knew "some" or "a lot" about the Accord.

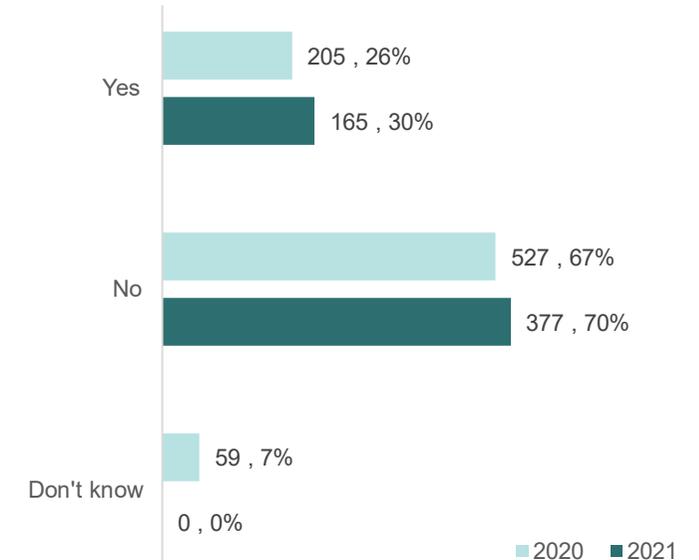
There is considerable scope to increase engagement. The interviews and focus groups, as well as the survey, suggest that the sector is keen for more information on what the Accord is, and what has been achieved.

Figure 3: Awareness of the Construction Sector Accord

How much do you know about the Accord?



Have you heard about the Construction Sector Accord ('the Accord')?



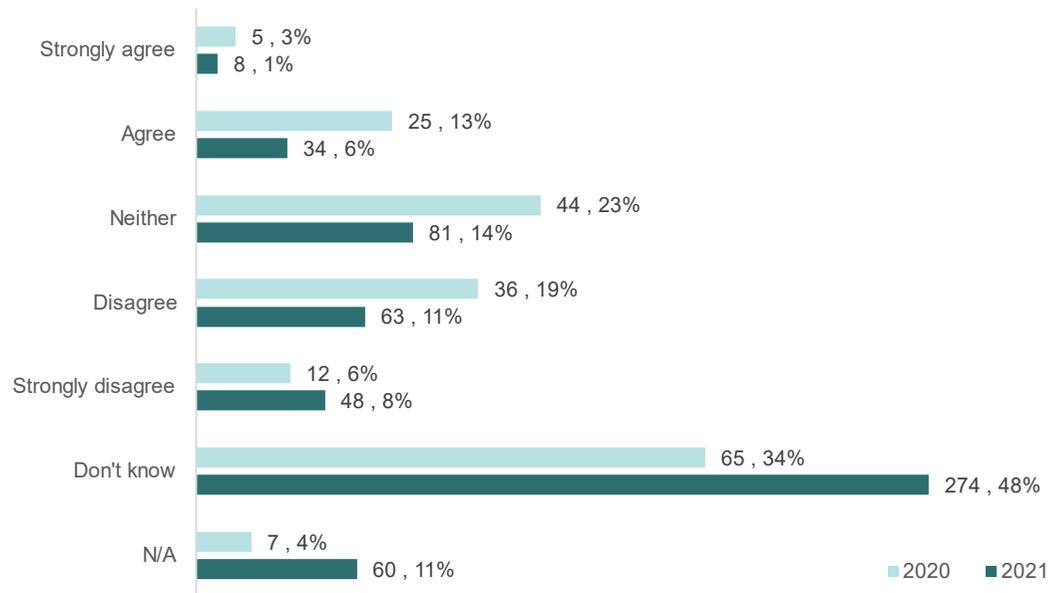
Source: MBIE Accord Business Leaders Survey 2020 (n=836) and 2021 (n=571)

## LEADERSHIP

In the 2020 Accord Business Leaders Survey, only 16% of participants thought Accord leaders were doing a good job of engaging with the sector, and this fell to 7% in 2021 (Figure 4). Notably, in 2021 almost 60% responded “Don’t know” or “Not applicable”.

Figure 4. A relatively small proportion of the sector thinks Accord leaders have engaged well with the sector

The Accord leaders are doing a good job of engaging with the sector?



Source: MBIE Accord Business Leaders Survey 2020 and 2021

The Accord and the Accord Steering Group are key channels through which change in behaviour and culture is championed, and so the lack of awareness of them is a concern.

### Progress in implementing the Plan has been hampered by COVID-19

The Transformation Plan was paused shortly after it was launched so that the Accord Steering Group and the Accord Transformation Unit could use the Accord to respond to the challenges that COVID-19 brought to the sector. Stakeholders and interviewees spoke very positively about the Accord Steering Group’s leadership during the COVID-19 response and recovery. The Accord provided a platform and existing relationships to enable that kind of leadership.

However, when the Plan was reactivated, work to implement it did not have the same urgency and pace as activity in the COVID-19 response. At the same time, businesses and other stakeholders didn’t have the resources available to contribute, because of the effects of COVID-19 and lockdowns on supply chains, employment, and business continuity.

A prioritisation framework could be adopted to identify when (and if or how) the Accord works on emerging issues in the future.

## LEADERSHIP

### **The Accord Steering Group showed leadership through the COVID-19 response and recovery, but some see it as not representing and not being representative of the sector**

The COVID-19 response led by the Accord Steering Group is a good example of responsive sector leadership. The Accord Steering Group is progressing well and has the opportunity to include a wider range of stakeholders.

There is a sense that it is working well for those who are part of the governance and established structures, but that it is hard for those “outside the tent” to get involved. This is supported by responses to the Accord Business Leaders Survey, where only a few leaders indicated they felt part of the Accord – 12% in 2020, falling to 6% in 2021 (Figure 5).

There is a member representing residential and non-residential builders on the Accord Steering Group, but they are not necessarily seen as a representative. There was also a sense that Accord members were “the usual (male) faces”. A number of groups are excluded, particularly:

- youth
- Māori and iwi

- Pacific peoples
- migrant workers
- small and medium-sized enterprises (SMEs)
- specialist trades
- residential builders.

Some interviewees and stakeholders thought the Accord Steering Group would benefit from representation from banks and lending institutions and other representatives from outside the sector, to provide fresh perspectives. Others thought it is becoming increasingly important for the Accord Steering Group to provide different perspectives and have connections with other systems in the economy.

However, the size of the Accord Steering Group needs to be limited to ensure that decision-making isn't cumbersome. An advisory layer could be included to ensure the Group includes voices from throughout the sector.

Alternatively, membership of the Accord Forum could be expanded to bring in these voices and the Accord Forum could perform an advisory and feedback function. The governance skills and membership of the Accord Steering Group could also be reviewed.

On the other hand, if there is a deliberate decision to target and focus on larger enterprises that hold government contracts, this should be explicitly stated, along with the reasons for this approach.

“Where we are going to get bang for buck [is] leadership from large and medium contractors, not the smaller contractors.”

– Transformation Delivery Group member

In 2020, 34% of survey participants thought the sector had the leadership needed to support positive change and lift performance in the sector (Figure 6). This declined to 22% in 2021. This relates to leadership of the sector as a whole, rather than specifically the leadership the Accord Steering Group provides. Low awareness of the Accord and Accord Steering Group will likely be related to these results.

## LEADERSHIP

Figure 5. Most building and construction businesses don't feel part of the Accord

My business feels like it's part of the Accord.

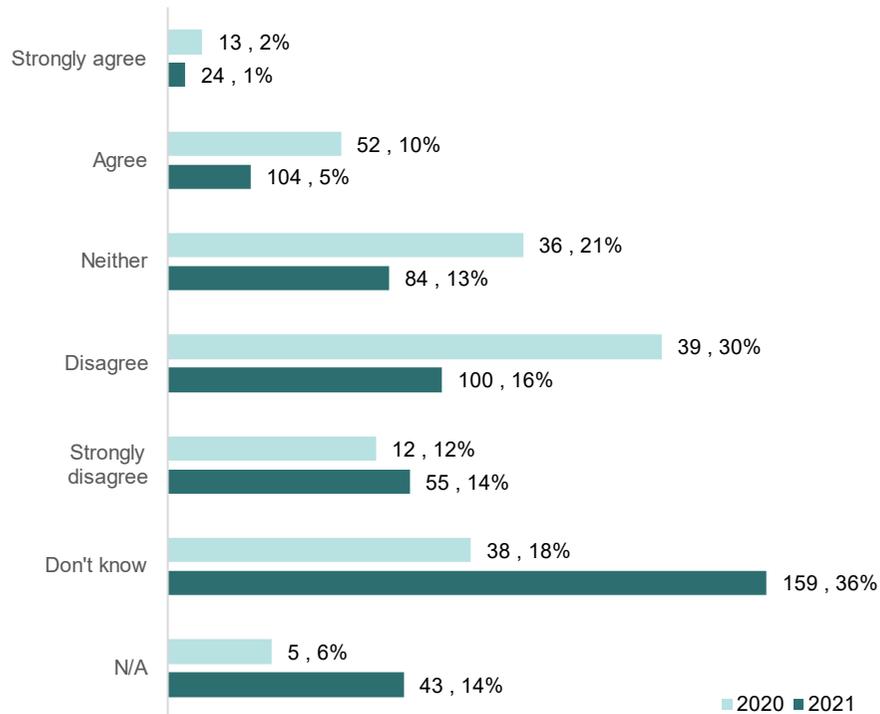
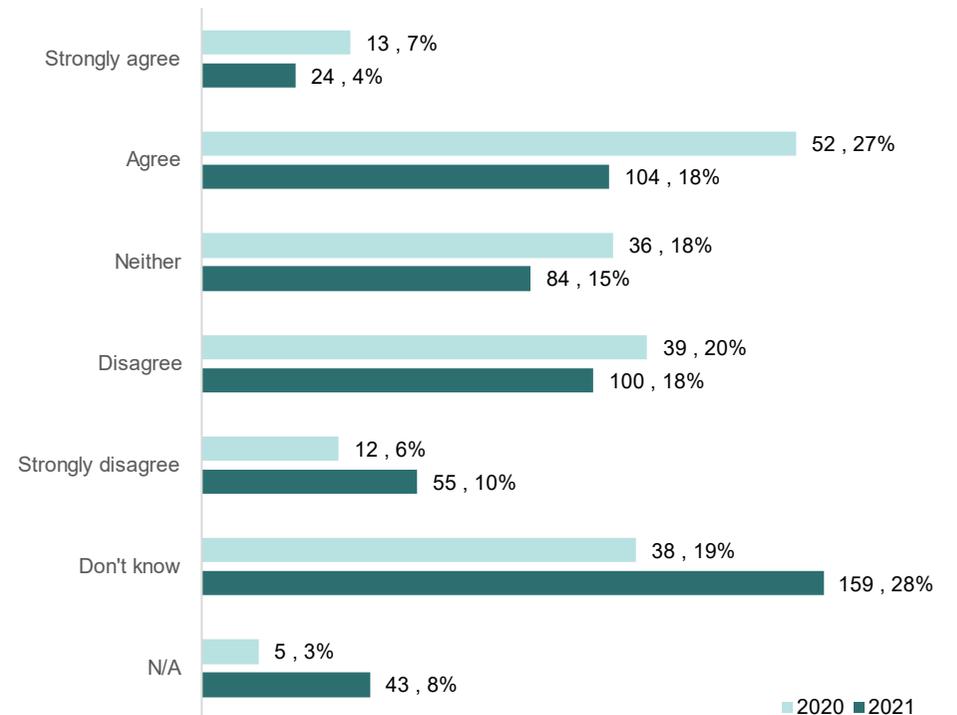


Figure 6. Perceptions of construction sector leadership have declined

The construction sector has the necessary leadership to support positive change and lift performance in the sector.



# BUSINESS PERFORMANCE

## MEDIUM-TERM OUTCOME

- ❖ Improved management and business capability
- ❖ Improved commercial and financial capability
- ❖ Construction sector is able to plan for, and develop the workforce, to meet long-term need

## SHORT-TERM OUTCOME

- ❖ Construction sector businesses have better access to information on how to be a high performing workplace
- ❖ Construction sector businesses have better access to education and training on financial and commercial capability
- ❖ Construction sector and central government have a comprehensive understanding of the pipeline of future infrastructure projects

WORK IN PROGRESS

WORK IN PROGRESS

WORK IN PROGRESS

## WORKSTREAM PROGRAMME

- ❖ Support Digital Boost to develop content suitable for construction sector SMEs
- ❖ Support Master Builders to develop benchmarking tool for specialist trade sector
- ❖ A construction and infrastructure projects pipeline tool

## Work is being done to improve management capability, but this may be duplicating existing work

Improving business sustainability was a primary driver for the Transformation Plan and improving management capability is key to this challenge.

In 2020 and 2021, about 20% of business leaders in the construction and building sector thought, broadly, the Accord would improve performance, while 64–69% weren't sure, and 11–16% thought it would not improve it (Figure 7).

Of those surveyed in 2020 and 2021, 7–8% had seen a change in the sector as a result of the Accord (Figure 7). That is expected, given the views on whether the Accord would lift performance. Considering the short time the Accord and Plan have been in place, this is a good result.

The short-term outcomes that are sought in this workstream relate to improving access to information and training to support

capability building that will improve business performance. Work to achieve those short-term outcomes is currently in progress.

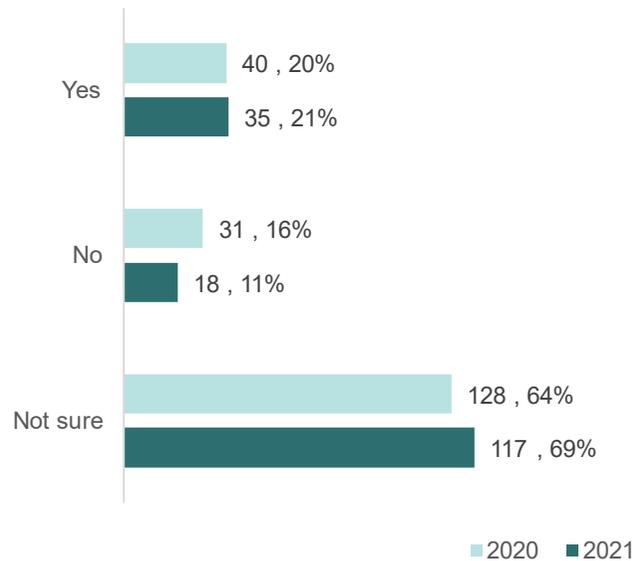
Research suggests that, in general, management capability is low across New Zealand businesses.<sup>8</sup> Tackling this issue would be transformational for our building and construction sector. Given this is a broader business problem for which there doesn't appear to be a clear answer, it is unlikely that traditional approaches would lead to achieving the outcomes sought. Notably, the financial and commercial risk education programme was piloted and implemented, but because there were already a number of existing programmes in the market, it was decided to stop further work on it.

8. Green, R., & Agarwal, J. (2011). *Management matters in New Zealand: How does manufacturing measure up?* (Occasional Paper 11/03). Ministry of Economic Development.

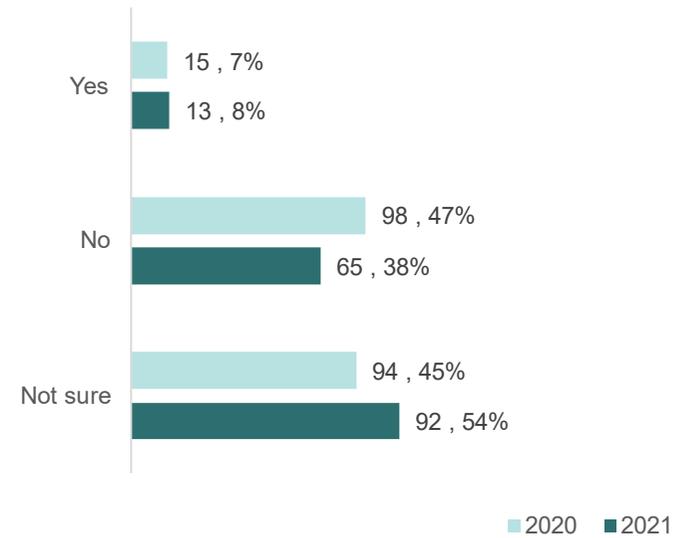
# BUSINESS PERFORMANCE

Figure 7. Industry perceptions of Accord-related changes in performance

Do you believe that the Accord will lift the performance sector?



Have you seen a change in the sector as a result of the Accord?



– Source: MBIE Accord Business Leaders Survey 2020 and 2021

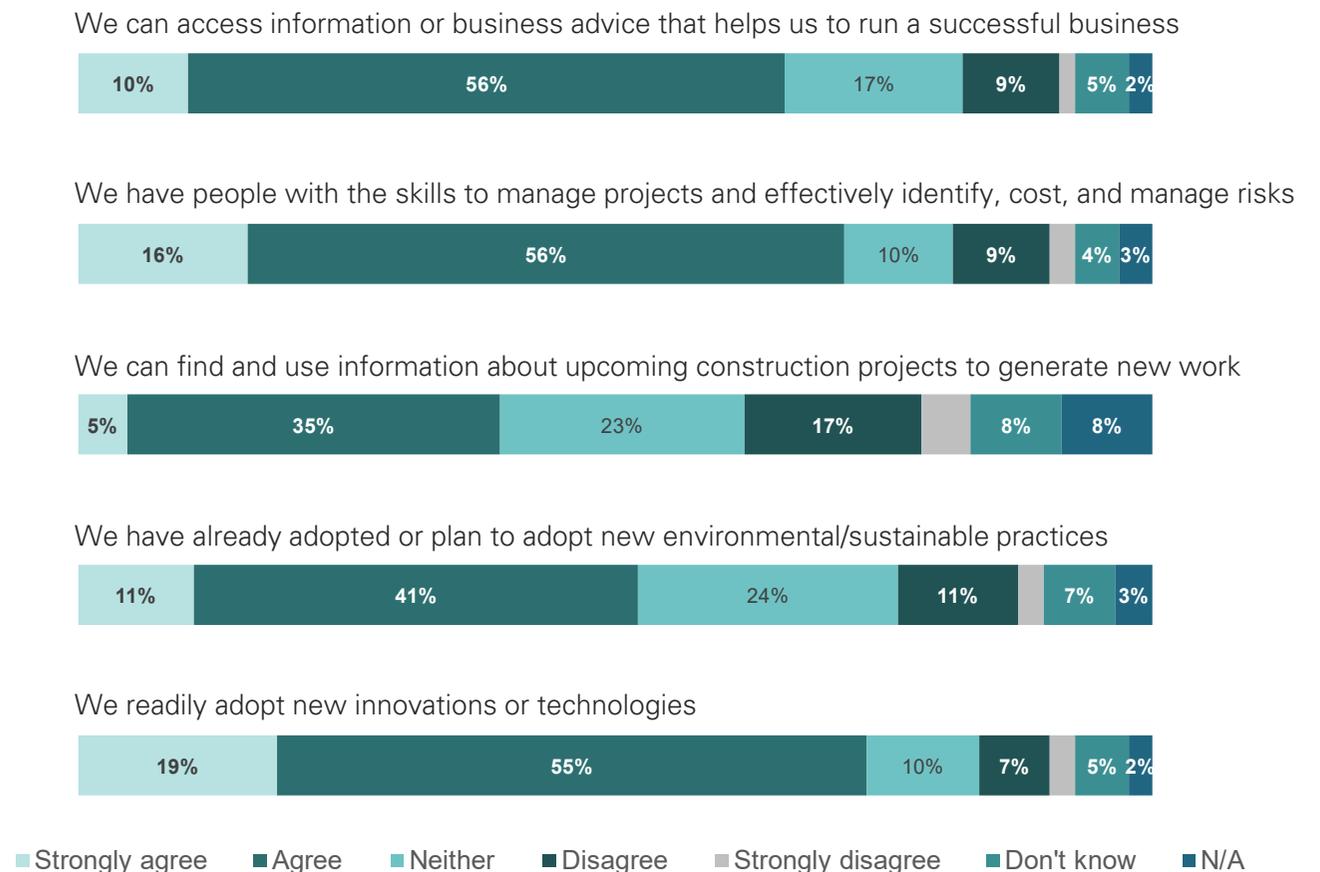
## BUSINESS PERFORMANCE

### Actions need to focus on “what works”

Much of the narrative related to the Accord is about behaviour change and culture change. However, this hasn’t translated well to the actions, who is targeted for engagement, and how they are communicated with. The actions, including actions within the Business Performance workstream, don’t appear to have been explicitly developed with a behaviour-change or culture-change lens. Stakeholder feedback and our evaluative assessment suggest that there has been varied application of an evidence-base of “what works.” In seeking to address this, the Accord, the development of actions, and delivery of the next iteration Transformation Plan could benefit from more input from academics, research organisations, and local government.

A majority of participants in the Accord Business Leaders Survey believed they had good access to information on improving business and management capability – in 2021, 66% agreed they could access information or business advice (Figure 8). Three-quarters (72%) also felt they had people with the right skills to manage projects and assess commercial risks. These results are broadly the same as for the 2020 survey.

Figure 8. Construction sector businesses believe they have good access to information on business capability, have good management capability, and are innovative, 2021



## BUSINESS PERFORMANCE

This is quite different to the results of the Stats NZ Business Operations Survey: in 2019, 43% of New Zealand construction businesses indicated that a lack of management resources hampered innovation to a high or medium degree (compared with 39% across all industries).<sup>9</sup> This result may be due to an over-estimation of capability from respondents in the Accord Business Leaders Survey. This aspect is worth further exploring in the next iteration of the Plan.

In developing the next iteration of the Plan, government and industry should consider amending the actions in this workstream that relate to management capability. Given business sustainability is a key driver of the Transformation Plan, the Accord should consider how this could be adequately resourced and what evidence there is for which types of interventions would make a significant change.

### **Innovation should be considered as an explicit focus in the next iteration of the Plan**

Encouragingly, 74% of those surveyed indicated that they readily adopt new innovations or

technologies (Figure 8). For an industry transformation plan with a long-term focus, omitting innovation and technology could hinder the pace and scale of transformation across the sector. For example, “ideas” was a dedicated workstream of the UK Construction Sector Deal, and digital technologies, offsite manufacturing, and whole-life asset performance were three strategic areas of focus.<sup>10</sup>

In developing the next iteration of the Plan, government and industry should consider how best to include innovation and technologies.

### **The Infrastructure Commission / Te Waihanga should improve communication to the sector on the purpose and scope of the pipeline tool**

The Infrastructure Commission leads the delivery of an [infrastructure projects pipeline tool](#). The tool seeks to:

- act as a “shopfront” – a single, trusted source of information for the construction industry, detailing credible investments over the medium-term

- enable industry to plan ahead – removing speculation and providing secure forecasts, attracting new entrants, and driving increased competition and innovation
- increase coordination – enabling better planning of investment in New Zealand, smoothing the market, and improving the use of resources, capability, and capacity.

Stakeholders and organisations in the interviews and focus groups indicated that the tool is not fully delivering on what it should to achieve its purpose or meet their needs. Some of these expectations are due to mismatches between the tool’s purpose and focus and users’ beliefs about what the tool should be doing.

Feedback from interviewees included:

- confusion that the tool appears to duplicate work done by an existing private-sector provider, [Pacifecon](#)

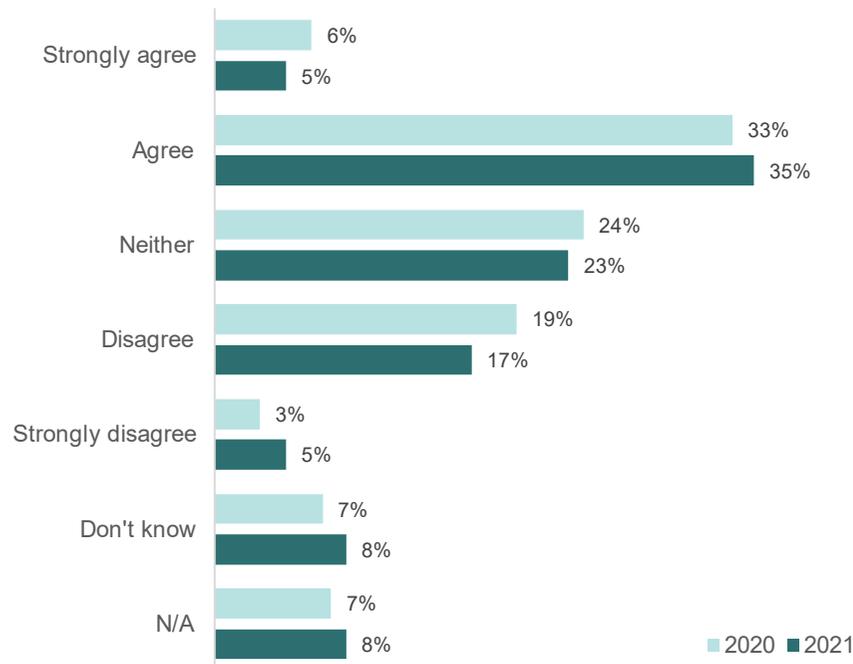
9. Stats NZ. (2020). *Business operations survey: 2019*. Stats NZ. <https://www.stats.govt.nz/information-releases/business-operations-survey-2019>

10. Department of Business, Energy and Industrial Strategy & Construction Leadership Council. (2018). *Industrial Strategy: Construction Sector Deal*. BEIS.

# BUSINESS PERFORMANCE

Figure 9. There has been no change in the proportion of businesses who can find and use information about upcoming construction projects

We can find and use information about upcoming construction projects to generate new work.



Source: MBIE Accord Business Leaders Survey 2020 and 2021

- frustration that government projects (which are most of the projects in the tool) usually can't be listed until funding is approved, which means that credible information is not available in the tool far enough in advance to help them with their planning needs
- concerns about the technology platform on which the tool is based, and whether this is fit for purpose. Some interviewees suggested that a more suitable technology platform is required
- that smaller providers are excluded, especially in relation to the residential housing market, because the tool focuses mainly on larger construction and infrastructure projects
- a desire to see market capacity information included in the tool.

Given there is some confusion on the status and scope of the pipeline tool, there would be benefit in improving communication about it.

The question in the Business Leaders Survey related to the pipeline is broader than just infrastructure, which is the focus of the pipeline tool. It is unsurprising that the survey found no change in businesses' perceptions of their ability to find and use information on the *construction* pipeline (Figure 9). Note that MBIE provides information on the construction pipeline.<sup>11</sup>

“ The construction and building sector, globally, would benefit from management of the pipeline and demand flow. Government agencies have big projects, but they seem unable to commission them out well. [There is the] need to manage the pipeline for providers so we can plan our resources.”

– Industry association interviewee

11. MBIE, BRANZ and Pacifecon. (2021). *National Construction Pipeline Report 2021: A Forecast of Building and Construction Activity*. MBIE. <https://www.mbie.govt.nz/dmsdocument/18150-national-construction-pipeline-report-2021>

# PEOPLE DEVELOPMENT

## MEDIUM-TERM OUTCOME

- ❖ The construction sector is more diverse. Women, Māori and Pacific peoples employees participate in the construction sector at all levels
- ❖ More people are educated and trained for the construction sector, and they have the right skills

## SHORT-TERM OUTCOME

- ❖ Education and training curriculum and pathways are more aligned with construction sector needs and are future-focused
- ❖ Careers in the construction sector are promoted as progressive, attractive and viable

WORK IN  
PROGRESS

TO SOME  
EXTENT

## WORKSTREAM PROGRAMME

- ❖ Pre-trade skills training programme
- ❖ Development of long-term workforce plan
- ❖ Development of a Construction Skills Action Plan
- ❖ Development of diversity roadmap

### **The People Development workstream is progressing well – the work is split between supporting existing work outside the Transformation Plan and providing specific capability-building programmes**

The Business Leaders Survey does not suggest there are major concerns about skills. In 2021, 78% of participants thought on-the-job training and the qualifications system produced skills that the industry needs (Figure 10). On the face of it, this indicates that the education system is producing the skills that the sector needs.

On the other hand, the Business Operations Survey 2020 indicates that 30% of construction businesses have severe difficulty recruiting tradespeople and related workers (including apprentices), and 33% have moderate difficulty.<sup>12</sup> This compares with 5–10% having severe difficulty recruiting for other occupations in the construction sector. Further work may be needed to identify the source of skills shortages and whether it's a supply, capability, or attitude problem.

Nationally, a number of policy changes have been happening in tandem with work under the Accord Transformation Plan – for example, the Review of

Vocational Education (RoVE). RoVE involves a new system that is intended to focus more on employers – on providing the skills they need, providing more support for their employees, and ensuring greater consistency in vocational education across the country.

As part of RoVE, a new Construction Centre of Vocational Excellence – ConCOVE – has been established, hosted by Manukau Institute of Technology (MIT).

In support of ConCOVE, Accord members have governance and project-delivery roles in five key projects. In support of RoVE, the Accord is engaging with MBIE and the Tertiary Education Commission in establishing Waihanga Ara Rau (the Construction and Infrastructure Workforce Development Council) and the 15 Regional Skills Leadership Groups.

The Accord and Plan delivery provides industry support to the Construction Skills Action Plan (CSAP) and the development of the Skills Strategy. There have been ongoing discussions within the

12. Stats NZ. (2021). *A - Recruiting difficulty by Industry (Annual-Aug)*. Stats NZ. <http://infoshare.stats.govt.nz/>

## PEOPLE DEVELOPMENT

People Development workstream as to what the Accord's role should be in these types of initiatives. These discussions have not been resolved and this contributes to the lack of understanding within the sector as to what is "in" the Accord and Plan, and what is "out." This also makes it difficult to attribute much of the achievements in this area directly to the Accord and the work under the Plan.

Infrastructure Skills Centre pilots, supported by Fulton Hogan, have been rolled out. This is one example of specific capability-building programmes that have been developed and implemented well through the Plan.

For those cases where Accord members need secretariat or other support for their role in government policy or operational processes, government and industry should consider whether the next iteration of the Plan should include this support as a specific action or whether the support should be provided by the ATU as "business as usual".

**It is difficult to untangle whether what has been achieved is due to the Accord and the Plan or to other factors**

The building and construction sector usually has high numbers of learners in industry training, which suggests the sector offers an attractive career pathway. However, there are a number of factors external to the Accord that have made sector attractiveness more challenging, including:

- **Rule 16 of the Government Procurement Rules** specifies that agencies must consider broader outcomes when purchasing goods, services, or works. A priority broader outcome is:
  - increase the size and skill level of the domestic construction sector workforce: the government is leveraging procurement through construction to encourage businesses to increase the size and skills of their workforces
- The **Targeted Training and Apprenticeship Fund** (TTAF; also known as "free trades training") supports learners to undertake vocational education and training without fees (from July 2020 until December 2022). It is targeted at industry skill needs where demand from employers for these skills will continue to be strong, or is expected to grow, during New Zealand's recovery period from the impacts of

COVID-19.

- **New Zealand borders are closed** as a COVID-19 mitigation measure. This has meant most visa programmes have been postponed temporarily, including the Skilled Migrant Category, the Pacific Access Category, and the Samoan Quota.
- The **hospitality and tourism sectors** have been hit particularly hard by COVID-19 mitigation measures and are looking less appealing to workers.

Similarly, there are a number of initiatives and campaigns across sectors and within the industry to make the sector workforce more diverse so that it is more like the populations it serves. Examples include *The Diversity Agenda*, which spotlights engineering and architecture, and *Girls with Hi-Vis*.

While the diversity roadmap action has not yet been launched, it would still be difficult to attribute changes in the diversity of the sector workforce (one of the medium-term outcomes) directly to actions under the Accord Transformation Plan.

## PEOPLE DEVELOPMENT

Figure 10. Perceptions in the sector of diversity within their businesses, and whether the skills system is matched with industry need, 2021

My business is committed to valuing and supporting a diverse workforce (Māori, Pacific people, women)



My business has a policy to prevent and deal with discrimination



On-the-job training and qualifications are producing a workforce with the skills the industry needs



■ Strongly agree ■ Agree ■ Neither ■ Disagree ■ Strongly disagree ■ Don't know ■ N/A

Source: MBIE Accord Business Leaders Survey 2021

# HEALTH, SAFETY, AND WELLBEING

## MEDIUM-TERM OUTCOME

Increased worker confidence in health, safety, and wellbeing practices of their employers and the sector

## SHORT-TERM OUTCOME

Health, safety and wellbeing is a priority for construction sector organisations

ON TRACK

## WORKSTREAM PROGRAMME

- ❖ Development of client leadership programme and framework
- ❖ Safety in Design principles
- ❖ BlackHat (supervisor engagement) programme
- ❖ Mates in Construction programme
- ❖ Pre-qualification system framework

## The Health, Safety, and Wellbeing workstream is consistently one of the most successful workstreams

The actions in this workstream are all programme-based, and with all programmes either delivered or well underway, the workstream has demonstrated tangible success.

*MATES in Construction* is underway and is seen positively in the sector. The programme promotes the prevention and control of mental illness for people working in the construction industry, particularly suicide prevention. *MATES in Construction* provides sector leadership, case management, and helpline services, as well as training programmes and peer mentoring.

While interviewees and the broader sector were positive about *MATES in Construction*, they were not always aware that it is funded by the Accord.

There is concern that the programme was originally designed for large Australian businesses and may not translate well to the New Zealand construction sector where there are more SMEs. The reliance on peer mentoring, in particular, may be difficult in New Zealand.

The *Client leadership programme and framework* has been launched on the CHASNZ website, and work is underway to create a shorter version to increase uptake.

Health and Safety by Design principles have been slower to develop and implement because of the scale of stakeholder engagement and consultation required.

The BlackHat programme is in the design and development stage. This is one example of where a multi-criteria approach to prioritising actions could have uncovered lack of need sooner so that resources could be moved to other actions.

“ [BlackHat is] a fantastic programme ... it's really simple and really practical. And the people they've got fronting it have fantastic credibility in the construction sector.”

– Industry association interviewee

## HEALTH, SAFETY, AND WELLBEING

The Tōtika pre-qualification system framework was launched in April 2021 so is still gathering momentum. In 2020, only 3% of survey participants had heard about it, and this rose to 6% by October 2021 (Figure 11). Of those who knew about it, almost 30% had signed up.

People we interviewed had generally positive views of Tōtika. Before Tōtika, there was no common standard for pre-qualification and so the private sector had developed different schemes. This created inefficiency in the supply chain because suppliers had to repeatedly pre-qualify against different schemes and standards. Tōtika means that suppliers only need to pre-qualify once instead of for each new client and opportunity.

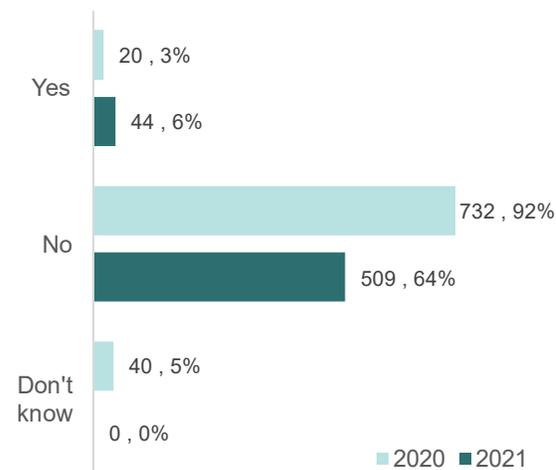
Tōtika is provided by CHASNZ, which also leads this workstream. Some interviewees thought Tōtika and CHASNZ have crowded out private-sector providers, and that the workstream would be better led by an independent organisation rather than CHASNZ. At the same time, members of the sector do believe that CHASNZ is “doing good work”. Literature on good industry strategy emphasises that strategy should not be allowed to become an anti-competitive force.<sup>13</sup>

“ [Tōtika has been] actually a lot slower than we thought... what we found during the design phase is that what we thought we were building isn't quite what's needed.”

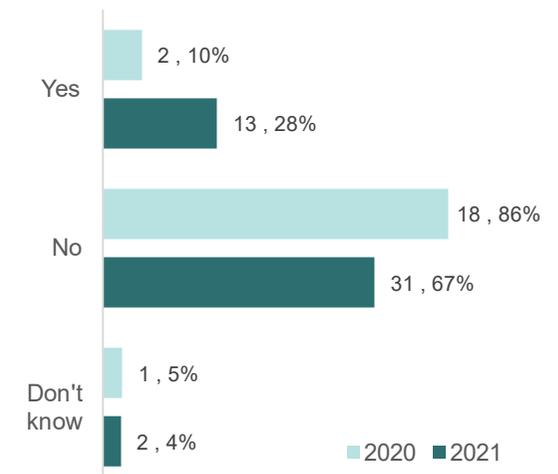
– Industry association interviewee

Figure 11. Awareness and reach of Tōtika

Have you heard about the Tōtika standard prequalification scheme?



Is your business signed up to the Tōtika prequalification scheme?



13. Wilkes, G. (2020). *How to design a successful industrial strategy*. Institute for Government.

Source: MBIE Accord Business Leaders Survey 2020 and 2021

## HEALTH, SAFETY, AND WELLBEING

Stakeholders were unsure whether the five initiatives are enough to transform the sector and achieve the desired medium- and long-term outcomes.

The Accord Business Leaders Survey found no significant difference between 2020 and 2021 in perceptions of the importance of health, safety, and wellbeing in construction sector businesses (Figure 12). However, the interviews and focus groups indicated that health, safety, and wellbeing are becoming much more important and recognised across the sector, and it has become more acceptable to talk about these issues – particularly mental health.

Again, it is difficult to attribute this shift directly to the Accord, given that mental health awareness and support has been highlighted across sectors and in public media.

While programmes have largely been delivered and the Accord and Plan can claim success in this workstream, it is unlikely that five programmes and initiatives will lead to the transformation that is needed in the sector. The next iteration of the Plan should revisit what types of actions would lead to significant change.

Figure 12. Good health and safety practices are important in construction sector business, and mental health and wellbeing concerns have less prominence, 2021



Source: MBIE Accord Business Leaders Survey 2021

# REGULATORY ENVIRONMENT

## MEDIUM-TERM OUTCOME

Legislative change and new models for building consent processes are supported by the sector

## SHORT-TERM OUTCOME

Industry, central government and local government collaboration on policy development and implementation models

WORK IN PROGRESS

## WORKSTREAM PROGRAMME

- ❖ Review and design of new building consenting model
- ❖ Non-regulatory interventions to improve the current consenting model

### The Regulatory Environment workstream is in progress, but has had difficulty defining its scope and actions phase

This workstream relates to businesses and local government contributing to the design of the consenting model and is led by MBIE's Building System Performance team.

The work mostly concerns ongoing amendments to the Building Act. It responds to the perception that consenting is inconsistent and doesn't contribute to good infrastructure and housing stock. In 2021, only 26% of the businesses surveyed indicated that they could rely on building consent authorities to be consistent in their decision-making (Figure 13); the result was largely the same in 2020.

The workstream has had difficulty defining its scope and actions and has been reset since the Accord was launched. Work on amendments to the Building Act are the responsibility of MBIE.

The Building Sector Working Group (BSWG) was established to look at short-term solutions that could help drive efficiency, effectiveness, and predictability within the current consenting model. With membership including representatives from building consent authorities (councils), industry groups, and government, the BSWG is well-placed to support the projects. Of the six consenting authorities represented in the BSWG, five handle approximately 80% of building consents nationally.

The BSWG scoped and designed three short-term projects to improve the current consenting model.

Actions are to be completed by the third quarter of 2022.

Interviews and focus groups gave us only limited feedback or insights on this workstream and its intended outcomes. But councils did appreciate that central government is engaging with them more and asking for input from those working at the coalface. The workstream was seen as legitimising and lifting the level of the existing discussions.

## REGULATORY ENVIRONMENT

Figure 13. Business perceptions of building consenting processes, 2021

I have a good understanding of the current building consenting process



I can rely on BCAs to be consistent in how they manage building consents



I have confidence that the current building consenting process helps ensure safe, healthy and durable buildings



■ Strongly agree ■ Agree ■ Neither ■ Disagree ■ Strongly disagree ■ Don't know ■ N/A

Source: MBIE Accord Business Leaders Survey 2021

# PROCUREMENT AND RISK

## MEDIUM-TERM OUTCOME

Improved procurement capability within government and across the building and construction sector

## SHORT-TERM OUTCOME

- ❖ Government and the private sector adopt and abide by the Construction Procurement Guidelines and Standard contract principles
- ❖ Government improves construction procurement practices
- ❖ Risk is allocated fairly and transparently through use of standardised or collaborative contracts

TO SOME  
EXTENT

ON TRACK

WORK IN  
PROGRESS

## WORKSTREAM PROGRAMME

- ❖ Risk allocation guidance
- ❖ Subcontractor assurance for contracts, payments and retentions
- ❖ Good procurement practice information
- ❖ Standard contract principles
- ❖ Procurement Advisory Panel

## The Procurement and Risk workstream was identified as one of the most successful, particularly in shifting government procurement practices

Some of the outputs of this workstream have not yet been delivered (for example, the review of NZS 3910 is underway, and the Procurement Advisory Panel has not yet been established). However, there have been clear indications that the Accord and the work under the Plan have improved the way government agencies procure building and construction projects.

Stakeholders, interviewees, and survey respondents readily attributed these significant shifts to the work of the Accord and to the government's Construction Procurement Guidelines.

## Examples of shifting government practices

- The **Ministry of Education** is procuring with focus on broader outcomes, and it is revising contracts to place less burden on the main contractor for increased costs of materials and time over-runs.
- **Watercare** has set a target for its infrastructure programme of reducing carbon by 40%. They

also aim to reduce costs by 20% and improve health, safety, and wellbeing by 20%. Watercare's new Enterprise Model recognises that the traditional transactional approach to procurement doesn't lead to a significant change in performance. The new model enables a partnership approach to construction planning and delivery, and this maximises opportunities for continuous improvement as well as helping meet broader public-good objectives.

- **Waka Kōtahi** has changed its fixed liability caps. This means that higher risk terms don't get pushed down as much to those further down in the supply chain.
- **Kāinga Ora** has developed civil works alliances to engage with contractors. For example, Piritahi in Auckland streamlines the delivery of build-ready residential land. Piritahi also upskills communities in which developments take place, through Construction Plus, a programme that encourages and supports locals into construction jobs. Another example is the Eastern Porirua Civil Alliance Programme, a partnership between Kāinga Ora, Ngāti Toa Rangatira, and Porirua City Council to develop a 25-year project to regenerate Eastern Porirua.

## PROCUREMENT AND RISK

“ [Government agency X] was the single most notorious client in construction. No-one sensible would pick up [one of their] contracts... I know for a fact that the Accord fundamentally shift[ed] the way that they approached construction contracts ... They [are now] considered one of the best to work with. They were genuinely trying to consider and analyse risk properly and consider who [the] risk is best placed with. And that’s the fundamental shift that needed to happen.”

– Interviewee, Industry association representative

“ We were already on a change journey. The Accord gave us momentum and backing from CEs and Ministers.”

– Focus group representative of Accord Agencies Working Group

“ The change has been driven by strong leadership. There is a safe environment to try things, that are aligned with principles of the Accord.”

– Focus group representative of Accord Agencies Working Group

Members of the ATU commented that some contractors prefer government agencies as clients because they have fairer contracts.

Interviewees mentioned that the government’s Construction Procurement Guidelines give clear guidance on what should and should not be the focus for government. This was particularly useful for relatively new and junior government officials, who are often responsible for procurement.

Interviewees told us the guidelines help officials think about the complexities of construction risk, and the implications of shifting risk on to contractors. However, it did not appear that all government procurers were acting in the spirit of the Accord.

“ The Accord has enabled a more progressive and permissive environment.”

– Focus group representative of Accord Agencies Working Group

“ Changing government procurement behaviours and contractors discussing the issues candidly and openly.”

– Participant in Accord Business Leaders Survey

“ [The Construction Procurement Guidelines] were incredibly hit or miss, if they were actually being used or not, and how well they were being used”

– Interviewee, Industry association representative

## PROCUREMENT AND RISK

“Someone in procurement, their job is ultimately to negotiate, and they'll have an external lawyer working with them, right? So, we have to escalate it up [when contracts go against the Accord principles], and that's happening far too many times ...

“Our legal counsel is very much aware of the Construction Sector Accord, because it's amazing how many times we still have to go back to the government clients and cite the fact that this goes against the principles of the Accord. It's kind of used as a stick.”

– Interviewee, Industry association representative

### **The review of NZS 3910: The most commonly used form of contract**

NZS 3910 is the most commonly used form of conditions of contract for non-residential construction work in Aotearoa. It is more than 50 years since it was last comprehensively reviewed and it's seen as no longer fit for purpose. To make the contract “fit”, principal contractors often use special conditions, and these have become increasingly lengthy and complex.

The review of NZS 3910 aims for fewer special conditions, increased transparency of risk, and easier documentation, to maintain consistency across the industry. The review has been commissioned by the Construction Sector Accord and the Infrastructure Commission and is being led by Standards New Zealand.

The scoping review and subsequent launch of the full review have been acknowledged by the sector as positive developments.

Interviewees mentioned that the review of NZS 3190 is most useful to the large, principal contractors at the top of the chain. They thought the benefits from the review may not trickle down to sub-contractors and vulnerable workers, who

may not have a formal contract in place. The review should consider how to prevent risk being pushed further down to sub-contractors.

“ [The output of the review is about] not putting such a heavy financial risk and burden on the contracting companies so that they can actually invest more in those social outcomes of looking after the people and getting them trained.”

– Interviewee from industry training organisation

“ Starting to see government contracts taking notice of transparent risk allocation. Independent engineer to the contract for government procurement will be a major positive for the industry.”

– Participant in Accord Business Leaders Survey

## PROCUREMENT AND RISK

### The Accord has had less influence on contracting and contract negotiations in the private sector

There are also examples of private-sector building and construction businesses starting to embed standard contract principles into their contracts, but this isn't widespread across industry. Even businesses who are represented within the Accord structures have not integrated Accord principles into their way of contracting. Further, while the Chief Executive of a construction firm may be on board, this doesn't necessarily mean this filters down through the business.

#### *The Rapid Mobilisation Playbook*

The Rapid Mobilisation Playbook was released to help accelerate government construction projects and move people into jobs sooner, as well as reflecting the Accord principles and values. It is also a useful blueprint for private-sector projects. It sets out good practice due diligence, project delivery, and the achievement of economic, social and environmental outcomes.

Although downloads of the Playbook have increased over time (Figure 14), it is unclear whether it is being implemented widely and to

what extent practices have fundamentally changed. Metrics could be developed that focus on the extent to which behaviour and business practices have changed as a result of implementing the playbook.

Interestingly, a statistically significant proportion of participants in the Accord Business Leaders Survey indicated that the allocation of obligations and risks, and broader outcomes within contracts, have improved between 2020 and 2021 (Figure 15). Only a very small number of participants indicated that their type of work includes central or local government (1% in 2020), and so this suggests there have been changes within the private sector. However, it is unclear how far this is because of the Accord and the Plan.

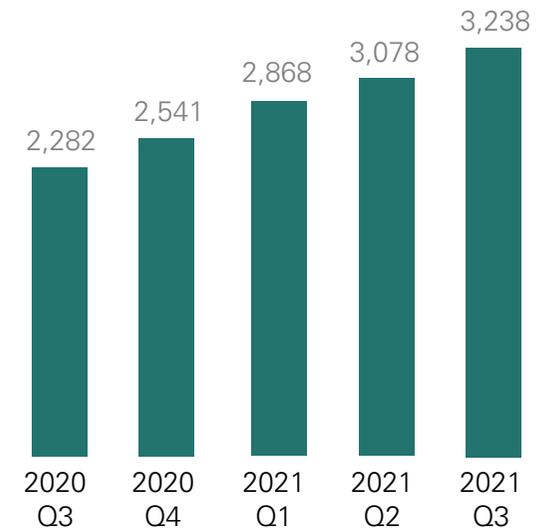
“Change takes time. The plan needs to have longevity, say a 10-year journey. And the Accord needs to be protected from changes in Government.”

– Interviewee from Tier 1 construction firm

“We probably haven't made material change in that area.”

– Interviewee from Tier 1 construction firm

Figure 14. Cumulative downloads of the Rapid Mobilisation Playbook



# PROCUREMENT AND RISK

**The Accord Agencies Working Group has mainly focused on the Procurement and Risk workstream – there are opportunities to broaden its focus, including focussing on long-term transformation**

To date, the Working Group has focused on delivering the Procurement and Risk workstream, and has used the Group as a forum for sharing information, for developing inter-agency relationships, and for cross-government discussion.

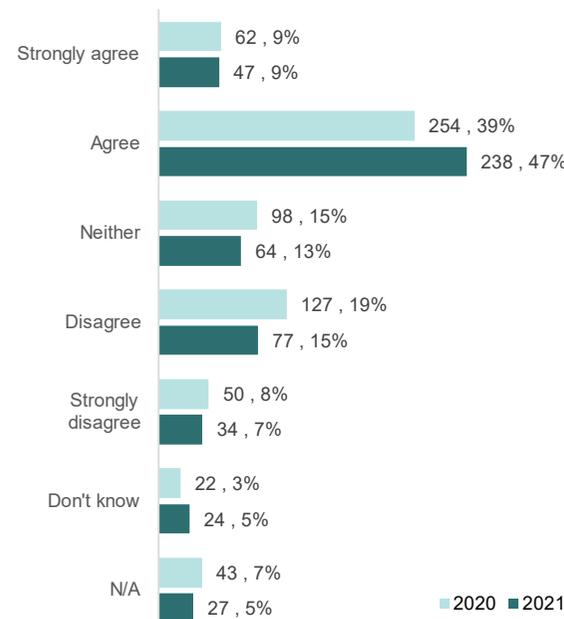
The group itself has identified a number of opportunities for improvement, including being more future-focused and transformational, and being a forum for substantive policy discussion and decision-making.

The literature on good industry policy and industry transformation practices talks about the importance of being immune to policy cycles and about the need for independent bodies.<sup>14</sup>

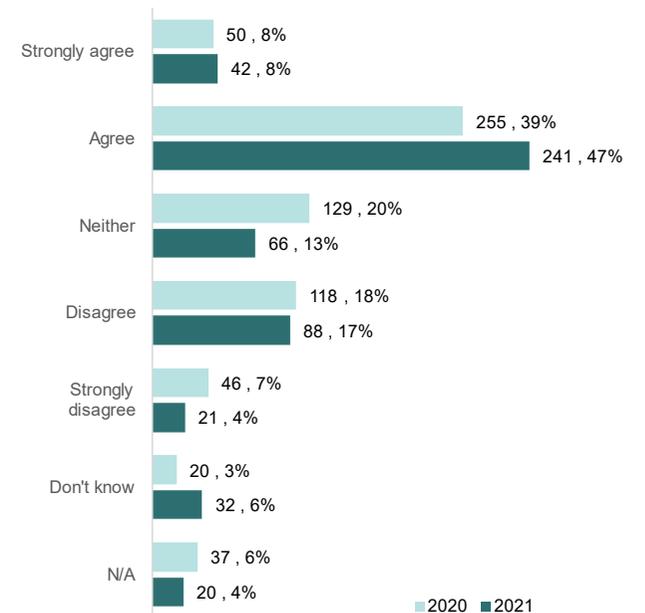
14. Vieira, H. (2017, September 19). Towards a modern UK industrial strategy. *CentrePiece, a Magazine of LSE's Centre for Economic Performance (CEP)*. <https://blogs.lse.ac.uk/businessreview/2017/09/19/towards-a-modern-uk-industrial-strategy/>; Wilkes, G. (2020). *How to design a successful industrial strategy*. Institute for Government.

Figure 15. Business perceptions of the procurement environment

When awarding contracts, your clients care about factors other than up-front price (for example, whole of life costs and sustainability)?



The obligations and risk allocation in construction contracts are clear and appropriate?



# ENVIRONMENT

## MEDIUM-TERM OUTCOME

Building and construction sector implement activities and initiatives that mitigate and minimise environmental impacts

## SHORT-TERM OUTCOME

Built environment and construction sector is more aware of their environmental impacts and what they can do to mitigate and minimise impacts

WORK IN PROGRESS

## WORKSTREAM PROGRAMME

- ❖ Development of a roadmap for how the built environment and construction sector can contribute to climate and other environmental goals
- ❖ Cross-industry perspectives inform the roadmap

### The Environment workstream was a later addition to the Accord Transformation Plan

This workstream was included in mid-2020 to focus on improving environmental sustainability and supporting the construction sector to prepare for regulatory responses to climate change,

including the Climate Change Response (Zero Carbon) Amendment Act.

This workstream has since achieved several important milestones:

- a paper, "*Environmental challenges, opportunities and transitions for construction in Aotearoa New Zealand*", in June 2021
- the Construction Sector Environment Roadmap for Action for how the built environment and construction sector can contribute to New Zealand's climate and other environmental goals in October 2021.

The workstream has had difficulty gaining traction mainly because of the scale and complexity of the issue.

MBIE's Building System Performance team is also running a long-term work programme, *Building for Climate Change*, aimed at reducing emissions from constructing and operating buildings, and to make sure New Zealand's buildings are prepared for the future effects of climate change. The team is helping to develop New Zealand's National Adaptation Plan, due to be published in August 2022. It is unclear to what extent any Accord actions will pool resources with the MBIE team, or

work alongside Building for Climate Change work.

### The Construction Sector Environment Roadmap for Action

The Roadmap articulates a clear vision and pathway for transformational change, and sets out a coherent logic from actions to outcomes. It sets out where roles and responsibilities lie, and what sorts of actions should be prioritised for each actor in the sector.

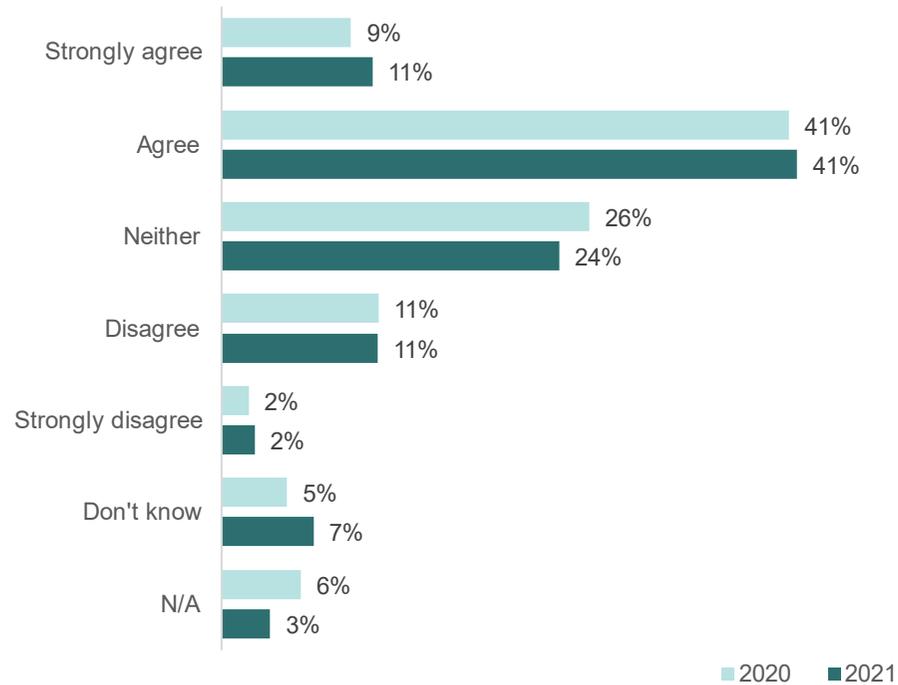
The Roadmap has been informed by research, an expert advisory group, and interviews with representatives from the sector. It shows how a workstream can provide a clear, comprehensive, evidence-based approach to transformation and behaviour change.

Unsurprisingly, there has been no change to how businesses responded to the survey question on the adoption of new environmental or sustainable practices (Figure 16).

# ENVIRONMENT

Figure 16. Environmental and sustainable practices are unchanged, 2020 and 2021

We have already adopted or plan to adopt new environmental/sustainable practices



Source: MBIE Accord Business Leaders Survey 2020 and 2021

# BEACON PROJECTS

## MEDIUM-TERM OUTCOME

Construction sector adopts and implements good practices, and shares with others

## SHORT-TERM OUTCOME

Good practices are promoted and communicated

ON TRACK

## WORKSTREAM PROGRAMME

Development and launch of Beacon project case studies

**A number of Beacon project case studies have been developed and publicised, and the inaugural Beacons Awards have been presented**

“Beacon” projects are intended to highlight good practice in the sector from which others can learn. Work under the Plan has included developing and publicising case studies (a narrative and videos) to demonstrate elements of the Construction Sector Accord, such as showing the Accord principles in action or using innovative ways to achieve the Accord’s goals.

Beacon project case studies have been released throughout 2021 on the Accord website. The inaugural Construction Sector Accord Beacon Awards were also presented at the virtual Infrastructure New Zealand’s Building Nations 2021 event in November 2021.

Progress in this workstream has been seen positively. The short-term outcome as currently stated is more of an output than an outcome. There are also no metrics accompanying this workstream to provide and understanding of reach.

It is unclear whether the current strategy of presenting the case studies as a narrative and video is the right medium, and whether the channels used (the website, events, and the Beacon Awards) are the right ones.

Interviewees commented that the case studies could include ones from SMEs to ensure the case studies are more relevant to that part of the sector.

### **It may be best to subsume Beacon projects within Workstream 1: Leadership**

It was intended that the Beacon projects would support the principles of working collaboratively, fostering innovation, and sharing knowledge. It

may be worth considering the Beacon projects as an action within the Leadership workstream, rather than a separate workstream, as it appears to share the same outcomes as the Leadership workstream.

The Beacon projects are a way of showcasing the practices and values of a high-performing building and construction sector and are a tangible way of leading the sector. The workstreams are thematic and the Beacon projects are an action rather than a specific theme.

“ We're getting a light [shone] on what good looks like ... we're seeing some really good examples come through of what a good client looks like ... stuff's rising to the top now.”

– Interviewee from industry organisation

## RECOMMENDATIONS

In order to achieve the short- and medium-term outcomes sought by the Construction Sector Accord and the next iteration of the Accord Transformation Plan, we make recommendations in this section on:

- the contents of the next iteration of the Plan
- Accord governance and programme delivery.

### Next iteration of the Accord Transformation Plan

- 1 Refresh the Plan in light of how it can demonstrate that it is Te Tiriti-based and includes Māori, iwi/hapū and whānau aspirations.
- 2 Much more clearly articulate what the Construction Sector Accord, the Accord Transformation Plan, and associated structures are and their purposes
- 3 Apply criteria and scoring to any new actions or areas of work, before adopting them as part of the next iteration of the Plan. Reassess existing work using the criteria approach to determine whether some should be de-prioritised.
  - a. Ensure actions are informed by evidence on what works in relation to behaviour change and culture change
  - b. Ensure actions are targeted at industry members beyond the principal contractor and those working with government
  - c. Consider whether management capability-related actions in Workstream 2: Business performance remain
  - d. If business sustainability is to be a key goal, consider what would be required to make a step-change.
- 4 Refocus on longer-term transformational challenges and opportunities. Consider how best to include:
  - a. Innovation
  - b. Technologies
  - c. Digital technologies
  - d. Off-site manufacturing
  - e. Supply chain resilience.

## RECOMMENDATIONS

### Accord governance and programme delivery

- 5 Consider how best to incorporate Māori, Pacific people, youth, residential sector, and specialist trades into governance and delivery structures.
- 6 Continue to build on the industry-government relationships that have been established so far.
- 7 Consider whether industry engagement and secretariat support are facilitated by the ATU as 'business as usual', rather than a specific Plan action.
  - a. Develop and implement a clear communications and engagement plan, stratified according to key targets, for each workstream and Accord structure.
- 8 Reconfigure the purpose and structure of the Accord Agencies Working Group.
- 9 Review the model for delivery and leadership of the workstreams.
- 10 Consider how the process of developing the Construction Sector Environment Roadmap and the contents of the Roadmap could be a model for delivering other workstreams.
- 11 Consider whether Beacon projects could be an action within Workstream 1: Leadership as the Beacon projects are more aligned with the theme of leadership and the outcomes associated with the Leadership workstream.

# APPENDIX 1

## ABOUT THIS EVALUATION: SCOPE AND PROCESS

### Scope of this evaluation

This is an early outcomes evaluation of the Accord and the Plan. It is intended to help identify lessons learned and improvements that could be made for future phases of the Accord and the Plan.

This early outcomes evaluation has taken place alongside our process evaluation, as well as a suite of other monitoring and evaluation activities provided by the Evidence and Insights part of MBIE.

At the same time as this evaluation, design consultancy ThinkPlace was commissioned to help design and operationalise a model for the next iteration of the Transformation Plan, which will come into effect in June 2022.

#### What we did and who we talked to

We undertook a mixed-methods approach that included:

- Review of key documents
- Analysis of administrative data
- Analysis of survey data, including the Accord Business Leaders Survey 2020 ( $n = 836$ ) and 2021 ( $n = 571$ ) implemented by MBIE
- Interviews with 33 individuals:
  - 13 construction sector businesses and related firms
  - 6 members of Accord Steering Group / Transformation Delivery Group
  - 1 member from the Accord Transformation Unit
  - 3 industry organisations
  - 3 health and safety representatives
  - 3 education and training representatives
  - 2 Māori, Pacific, and female representatives
  - 2 local government representatives
- Five workshops and focus groups, with 70 participants in total
  - Accord Transformation Unit
  - Accord Agencies Working Group
  - Start-ups and innovators (ThinkPlace hosted) x 2
  - Practitioners, developers, and industry representatives (ThinkPlace hosted)
- High-level environmental scan of similar models, sector transformation plans and initiatives
- Interviews with officials and representatives involved with the Advanced Manufacturing Industry Transformation Plan (ITP), Food and Beverage ITP, Forestry and Wood Processing ITP, and the emerging Fisheries ITP.

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