



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI



# Briefing for Incoming Minister for Building and Construction

**June 2022**



# MBIE Karakia

Tāwhia tō mana kia mau, kia māia

Ka huri taku aro ki te pae kahurangi,  
kei reira te oranga mōku

Mā mahi tahi, ka ora, ka puāwai

Ā mātau mahi katoa, ka pono, ka tika

**TIHEI MAURI ORA**

**TRANSLATION:**

*Retain and hold fast to your mana, be bold, be brave*

*We turn our attention to the future, that's where the  
opportunities lie*

*By working together we will flourish and achieve greatness*

*Taking responsibility to commit to doing things right*

**TIHEI MAURI ORA**

**MĀIA**  
BOLD & BRAVE

**PAE  
KAHURANGI**  
BUILD OUR FUTURE

**MAHI TAHI**  
BETTER TOGETHER

**PONO  
ME TE TIKA**  
OWN IT

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# 1. Portfolio overview

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## Responsibility

1. Portfolio responsibilities related to the building and construction sector include:
  - setting the performance requirements for buildings and building products
  - setting the direction for the building regulators to design and implement the building regulatory system
  - overseeing the administration of the appropriations within Vote Building and Construction
  - making appointments to a number of statutory boards, and
  - delivering the Construction Sector Accord.

## Department

2. The Ministry of Business, Innovation and Employment (MBIE) provides the administrative support for this portfolio. MBIE is the lead policy advisor to government on the building regulatory system. It is responsible for advice on legislation and regulations, including the Building Code<sup>1</sup>. MBIE also undertakes a number of regulatory roles in the building system. Within MBIE, the Building, Resources and Markets Group (the Building System Performance branch), the Te Whakatairanga Service Delivery Group, and the Labour, Science and Enterprise Group support you in your portfolio responsibilities.

## Vote Building and Construction and appropriations

3. The Minister for Building and Construction, the Minister of Housing and the Minister for COVID-19 Response are responsible for the appropriations in Vote Building and Construction. Building and construction portfolio expenditure is largely third-party funded through levies and fees.

## Legislation (Public Act)

4. The Portfolio is responsible for the following legislation:
  - *Building Act 2004*
  - *Chartered Professional Engineers of New Zealand Act 2002*
  - *Construction Contracts Act 2002*
  - *Engineering Associates Act 1961*
  - *Plumbers, Gasfitters, and Drainlayers Act 2006*
  - *Registered Architects Act 2005*
  - *Weathertight Homes Resolution Services Act 2006*
  - *Electricity Act 1992* (provisions relating to registration of electrical workers only).

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<sup>1</sup> The Building Code is contained in the Building Regulations 1992.

## 2. Introduction to the building and construction sector

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5. The building and construction sector is made up of the institutions and markets involved in the building, construction and maintenance of infrastructure<sup>2</sup>, and commercial and residential property in New Zealand. The sector covers:
- direct service providers (designers, architects, engineers, builders, plumbers, gasfitters, drainlayers and electricians) and product suppliers
  - financial institutions (banks and insurance companies)
  - research agencies (Building Research Association of New Zealand, universities)
  - regulatory partners (regulatory boards and building consent authorities)
  - quality assurance and compliance organisations (conformity assessment bodies and product certification bodies)
  - residential and commercial building developers
  - owners and users of infrastructure and other buildings.

### **The building and construction sector is important from an economic, social and environmental perspective**

#### **The building and construction sector is a large part of New Zealand's economy**

6. The building and construction sector is New Zealand's fourth largest employer. For the year ended March 2022, the sector employed 290,800 people and accounted for 10 per cent of the country's workforce. This is a 6.4 per cent increase from year ended March 2021.
7. The sector contributed \$16.9 billion (in 2009/2010 prices) to New Zealand's gross domestic product (GDP) for the year ended March 2021. This is around seven per cent of the total GDP<sup>3</sup>. According to an estimate conducted by PricewaterhouseCoopers in 2016, every \$1 invested in the building and construction sector produces between \$2.51 and \$3.11 in economic activity<sup>4</sup>.
8. The 2021 National Construction Pipeline Report forecasts steady growth in construction activity. Construction activity has held up well against the COVID-19 pandemic and 265,000 new dwellings are projected to be consented over the next six years. A range of new and emerging challenges may; however, dampen optimism and growth in the sector (discussed further below).

#### **The building and construction sector plays a critical role in delivering social outcomes**

9. The sector contributes to social outcomes, such as health, education, security and social cohesion:
- it delivers the Government's commitments to building more urgently needed houses for New Zealanders.

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<sup>2</sup> The portfolio of building and construction concerns building and related 'vertical infrastructure', but not the horizontal infrastructure such as water, sewerage, roads and land use etc.

<sup>3</sup> Stats NZ Gross Domestic Product: December 2021 quarter.

<sup>4</sup> PricewaterhouseCoopers, 'Valuing the role of construction in the New Zealand economy', September 2016.

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- the safety, health and wellbeing of all New Zealanders depends on the performance of the buildings they use. The building failures as a result of the Canterbury and Kaikōura earthquakes, as well as the Grenfell Tower fire in London, is a sobering reminder of the importance of ensuring buildings perform well.
- housing quality has direct impact on children's health, security and education. Numerous reports and research conducted on housing in relation to child poverty in New Zealand emphasise the importance of housing as a means to alleviate child poverty<sup>5</sup>.

### **The building and construction sector supports environmental outcomes**

10. The building and construction sector was responsible for 7.4 Mt of CO<sub>2</sub>-e emissions in 2018. This represents 9.4 per cent of New Zealand's domestic greenhouse gas (GHG) emissions, or over 15 per cent of emissions if biogenic methane is excluded. These emissions come from the energy and other resources used when operating a building, and the carbon emitted in Aotearoa by the manufacture, transport, use and disposal of the materials and products in a building across its life. Actions in the Emissions Reduction Plan are intended to reduce these emissions and support the Government's goal of net zero carbon emissions by 2050.
11. Reducing emissions associated with buildings can also support climate change goals within other sectors. For example, improving the energy efficiency of buildings can help reduce demand on the country's energy networks, while supporting more off-site construction can reduce emissions associated with transport and waste.
12. The sector also plays a role in the climate adaptation and resilience of homes, buildings, and places. Most of our existing homes and buildings have been located and built without the changes to our climate in mind. As the climate changes, we need to ensure that new buildings are designed to be resilient to more extreme weather events, and that we have plans in place to manage the risks to existing buildings. Actions in the draft National Adaptation Plan are intended to address these risks and support climate resilience.

### **The building and construction sector faces historical and new challenges**

13. A vibrant, high-performing building sector is vital to providing safe and durable buildings where New Zealanders work, live and play. The sector plays a key role in delivering the Government's housing and urban development priorities to improve housing supply, affordability and quality.
14. While the sustained growth of the sector before the COVID-19 pandemic has provided significant opportunity for the building and construction sector, the sector has been strained due to a range of historic challenges. Without change, the building sector will not be able to meet the demand of New Zealanders for quality housing. The sector is recovering from the COVID-19 pandemic and now faces new challenges of increased costs and significant labour and product shortages.

#### **Key historical challenges**

15. Like many of its overseas counterparts, systemic problems are holding the building sector back. Low productivity, inefficient practices and processes, skills and labour shortages, financial

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<sup>5</sup> Mengzhu Fu, *Children and Housing Literature Review*, 2015

vulnerability, and poor health and safety practices are some of the key challenges facing the building sector.

16. Building defects and rework waste millions of dollars every year. Systemic building system failures, like the leaky homes crisis, waste billions of dollars.
17. Building defects and rework also represent productivity losses, wasting time, materials and money. Overseas estimates of the cost of rework vary widely from three to 23 per cent of the value of the contract<sup>6</sup>. In research commissioned by BRANZ, the New Zealand Institute of Economic Research (NZIER) estimated the economic costs of quality defects in New Zealand is \$2.5 billion per year<sup>7</sup>.
18. The regulatory system must provide the right incentives to get it right the first time and protect consumers.
19. A government and industry response is required to support sustained and transformative change for the sector. This has been a priority focus for the Building and Construction portfolio in recent years through the Building System Reforms and the Construction Sector Accord<sup>8</sup>.
20. These key historical challenges are linked to many characteristics of the sector that overall restrain the sector's performance. These include:

- **Lack of innovation and adoption of new technologies**

The sector is still largely following the traditional commercial model and practice in delivering service, involving multiple layers of subcontractors working on site. Despite a rise in project complexity, and the associated risks of numerous new international products and design processes, the construction sector lags behind many others in technological uptake. There are also frequently expressed concerns about the building consenting process limiting the opportunities for innovation and efficiency in the construction sector.

- **Domination by small companies**

Small businesses and individual contractors dominate the sector, engaged in fragmented contracting arrangements and working on small-scale developments. As of February 2021, about 89 per cent of enterprises in construction sector had five or fewer employees<sup>9</sup>. Small businesses normally have limited resources to develop skills and train the workforce. They tend to have higher rates of workforce turnover, reducing the average tenure of workers. The high turnover of employees means uncertainty for businesses, reducing their incentives to invest in skill development over the long term.

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<sup>6</sup> Love, P.E.D, Z Irani and D.J. Edwards (2004) A Rework Reduction Model for Construction Projects. IEEE Transactions on Engineering Management, Vol. 51, No. 4.

<sup>7</sup> Bealing, M. and Leroy de Morel, L. (2020). The economic effects of quality defects: in residential construction. Study Report ER49, BRANZ Ltd, Judgeford, New Zealand.

<sup>8</sup> The Accord is a joint commitment between government and industry to work together to create a high performing construction sector for a better New Zealand. It is discussed in more detail on page 22.

<sup>9</sup> Stats NZ New Zealand business demography statistics: At February 2021.

- **Poor health and safety culture**

The sector's culture is perceived as 'blokey and labouring'<sup>10</sup>, contributing to poor performance in health and safety. Mental health issues are of particular concern for the industry's workforce. In 2019, a report 'Suicide in New Zealand's Construction Industry Workforce: Factors Identified in Coronial Reports' outlined some of the pressures on people working in the construction industry<sup>11</sup>. Many work-related factors, such as job insecurity or uncertainty, are among these pressures.

- **High reliance on imported product and low levels of competition for some products**

Roughly 90 percent of all building products sold in New Zealand are either imported or use imported components not easily replaced by domestic supply, making New Zealand particularly vulnerable to international price shocks and supply chain disruptions. Low levels of competition for some products (such as plasterboard) can further exacerbate changes in market conditions.

### COVID-19 challenges

21. The historical challenges described above were already showing up in terms of the sector's lack of resilience to external pressures and boom-and-bust cycles. However, the building and construction sector has faced added challenges as a result of the COVID-19 pandemic – both in terms of the domestic response and subsequent domestic and international impacts.
22. The sector fared better than expected through the pandemic. An expected downturn in building activity did not eventuate. Instead, there was a sharp increase in activity. This has seen building consent numbers continue to climb. The continued demand for residential building activity has put the sector in good stead to recover from the impacts of the COVID-19 pandemic<sup>12</sup>. There was a record number of annual new dwelling consents, with 50,858 new dwellings consented for the year to March 2022. This was 24 per cent more dwellings consented than in the March 2021 year.
23. The sector was well supported through the COVID-19 pandemic. A range of response and recovery measures were made available to help businesses retain workers and create new jobs. Support was primarily available in the form of wage subsidies to ensure cashflow. The Ministry of Social Development reported there were 210,900 unique jobs in the construction industry supported by at least one of the 2020 and 2021 wage subsidies<sup>13</sup>. The construction industry had the highest proportion of jobs supported by at least one wage subsidy in 2020 and the second highest in 2021.
24. The Construction Sector Accord released the Construction Sector COVID-19 Response Plan in April 2020. The plan focused on maintaining confidence in the sector, supporting jobs and businesses, and minimising the economic damage from the COVID-19 disruption. The Accord

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<sup>10</sup> PWC, 'Valuing the role of construction in the New Zealand economy', September 2016.

<sup>11</sup> The report was produced by Site Safe NZ and it was funded by the Building Research Levy through Building Research Association of New Zealand.

<sup>12</sup> MBIE (2022). [Building and Construction Biannual Sector Trends Snapshot: May 2022](#).

<sup>13</sup> MSD (2022). [Who received the 2021 COVID-19 wage subsidies?](#)



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facilitated Construction Health and Safety New Zealand's (CHASNZ) work to create construction site protocols for working at Alert Levels 1-4.

25. In addition, the Accord released guidance including on COVID-19 construction risk management, contract partnering, and the rapid mobilisation toolkit. During 2021, the Construction Sector Accord developed construction sector vaccination risk assessment protocols and supported selected DHBs to deliver construction vaccination messages. From August 2021 to March 2022, the Accord managed the MIQ construction group allocation (up to 60 MIQ places per month) to support the delivery of critical construction and infrastructure projects.
26. The Government also moved to permit some building product manufacturers to continue operation during the August 2021 Alert Level 4 lockdown. This allowed some manufacturers and distributors of coated roofing steel, plasterboard and gypsum plaster, and insulation to continue operations to allow residential construction to continue.
27. As the sector moved out of the immediate pandemic response, a range of new challenges have emerged. These challenges are not unique to New Zealand and have largely arisen from global economic conditions affecting our domestic economy. Together, these conditions present risk for the building and construction sector and its ability to deliver across the residential, non-residential and infrastructure sub-markets.

### **Supply chains, building product availability and product shortages**

28. The building and construction sector is facing several supply chain issues, resulting in product shortages, price increases and long lead-in times – ultimately impacting the delivery of construction projects.
29. Global shipping constraints and high commodity prices are among a number of factors contributing to supply chain disruptions. These shipping delays and cost increases are impacting economies and sectors worldwide. The Omicron outbreak, both in New Zealand and globally, along with the war in Ukraine, have exacerbated supply chain disruptions.
30. In addition, geographical distance from major markets means New Zealand is not situated on the most profitable trade lane, and therefore our freight needs may not be prioritised<sup>14</sup>.
31. Shipping delays worsened in the January-March 2022 quarter and port congestion persists in multiple countries. The global freight system is currently so far out of balance that there is no historical precedent to predict reliably when the situation will improve. Estimates for improvement currently vary from mid-2022 to the end of 2022<sup>15</sup>.
32. While international freight is the largest impacting factor, domestic supply has also been impacted by reduced freight across the Cook Strait and Omicron-related absenteeism in the building, manufacturing, and transport sectors due to sickness and requirements to self-isolate.

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<sup>14</sup> EBOSS. (2021). Construction Supply Chain Report. EBOSS. Page 6; Ministry of Transport. (2022). New Zealand Freight and Supply Chain issues paper.

<sup>15</sup> New Zealand Foreign Affairs and Trade. (2022). MFAT Monitoring Global Supply Chains, Jan-March 2022; Sea-Intelligence. (2022, May 12). [www.sea-intelligence.com/press-room/123-reliability-recovery-will-take-at-least-8-9-months](https://www.sea-intelligence.com/press-room/123-reliability-recovery-will-take-at-least-8-9-months)

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33. MBIE is currently working to understand supply chain disruptions and provide information to support the building system to respond to supply chain issues.
34. We have recently completed exploratory research on the trends in the importation of building and construction products. We are now scoping a project to analyse import data with a materials/product lens and a geographical lens, to better understand global sources of critical materials and products and identify potential over-reliance on certain parts of the world.
35. In addition, we work closely with our colleagues at the Ministry of Transport, who have more direct levers to address supply chain concerns.
36. New Zealand is experiencing an acute shortage of various building products. This has been partly driven by the sharp increase in building activity, alongside:
  - the supply chain constraints and New Zealand's reliance on importing building products, as outlined above
  - challenges in domestic manufacturers being able to meet increased levels of demand
  - for some products, reliance on one or two manufacturers or suppliers that dominate the market for particular product lines.
37. Plasterboard is currently the most pressing issue for the sector. The impacts of plasterboard shortages have been rising prices, difficulties for small building companies to complete projects, concern about build timeframes and the viability of future projects and construction companies.
38. As building product supply constraints have risen to critical levels, MBIE has established a Critical Materials and Products Work Programme. The Programme will take a building and construction system view over supply-constrained building materials and products. The programme will explore potential legislative and regulatory options, as well as identify potential emerging issues related to building material and product supply.
39. The programme will have three areas of focus:
  - First, **short term measures to identify and implement immediate mitigations** for the shortage of plasterboard. These measures will include:
    - guidance and support to the sector on managing the use of alternative products and identifying alternatives
    - possibly commissioning testing of alternative products to give the sector alternatives in which they can have immediate confidence
    - monitoring concerns about other perceived barriers to alternative products entering the market (such as trademark protections) and responding accordingly should those concerns arise in practice.
  - Second, **policy work to determine whether any changes to legislative or regulatory settings** are required to either address the current shortage, or to mitigate this risk of future shortages.
  - Finally, a proactive piece of work will **identify other looming supply chain constraints and potentially affected products** and identify actions that could be taken to mitigate these risks. This piece of work will be conducted alongside the Construction Sector Accord and will

also engage wider stakeholders through the creation of a reference group or taskforce to test MBIE's thinking and generate additional ideas.

40. The Commerce Commission is undertaking a study into competition in New Zealand's residential building supplies markets. There have been long-standing concerns about potential competition issues, particularly due to the concentrated nature of some markets in the supply chain. This study will focus on any factors affecting competition for the supply or acquisition of key building supplies used to build the major components of residential buildings. This study will enable us to determine what actions to take to promote better competition in the building supplies market.

### **Construction company fragility**

41. The current economic conditions also threaten the ongoing viability of individual construction companies. Sixteen per cent of company failures in 2021/22 were construction companies. In the period January-June 2022, 102 companies in the building sector entered liquidation, which represents 19.2 per cent of all liquidations. This is a lower number for the period Jan-Jun 2021 (where 108 construction companies entered liquidation) but is a slightly higher percentage of total liquidations (18.5 per cent for Jan-Jun 2021).
42. Construction companies entering liquidation can have negative knock-on effects for trade creditors (including subcontractors and building product suppliers). Trade creditors are often ordinary unsecured creditors and may not be paid for their work already done. It is common for ordinary unsecured creditors to receive nothing, or only a few cents in the dollar.
43. Retention money is a sum held back from a payment under a construction contract as security for subcontractors' performance. There is no requirement to hold retention money – it is a voluntary practice. If a construction company enters liquidation and they hold any retention money, subcontractors are put at further risk of financial loss.
44. The holding of retention money is regulated under the *Construction Contracts Act*. This requires main contracts to set aside retention money in trust, so that the money is available to subcontractors in the event the main contractor enters liquidation. Further amendments to strengthen this regime are currently before the House.
45. The Construction Sector Accord also has a focus on improving business acumen in the building and construction sector. Under the current Transformation Plan, the Accord has partnered with Digital Boost to help small-to-medium enterprise construction businesses learn about the tools available to support and grow their businesses. In addition, the Accord has funded development of a business performance online tool (BizRate), which is due to launch in July 2022.
46. Addressing the root causes of construction company liquidation will help businesses stay in business. The key factors currently contributing to construction company liquidations include:
  - increasing interest rates and falling house prices, which have begun to negatively construction sector activity
  - delays in accessing key building materials, which is slowing building activity and increasing financial risk for construction companies
  - increasing cost pressures associated with building products and workforce shortages.

**Emerging challenges: responding to seismic risk**

47. All buildings carry seismic risk. In New Zealand, a percentage New Building Standard (%NBS) rating, determined by an engineer, has become the main indicator used to communicate the seismic risk of a building<sup>16</sup>.
48. New science is emerging that will likely change our understanding of seismic risk, with the National Seismic Hazard Model (NSHM) undergoing an update. The NSHM is a scientific model that estimates the likelihood and strength of ground shaking in future earthquakes occurring in different parts of New Zealand. It delivers estimates, based on the best available science, that are essential for New Zealand to build resilience and manage risks to safety, security and the economy from seismic events.
49. In addition, the knowledge gained from seismic events over the past decade has led to changes in the way engineers assess seismic risks in existing buildings. The *Seismic Assessment of Existing Buildings: Technical Guidelines for Engineering Assessments* – an industry best-practice guideline detailing how seismic assessments should be conducted – is undergoing review.
50. These developments in our understanding of seismic risk are likely to impact existing seismic assessments for buildings.
51. Building owners and tenants regularly seek to understand the relative safety of the buildings they occupy by obtaining seismic assessments. In recent months, this has resulted in some building owners/tenants deciding to vacate their buildings, particularly when a new seismic assessment returns a lower-than-expected %NBS rating.
52. These buildings include Hutt Hospital's Heretaunga block and Ministry of Education's Mātauranga House.
53. A low %NBS does not automatically make a building unsafe. However, many decision-makers may lack the technical understanding of seismic risk and how to manage it and take a risk adverse approach when making decisions to vacate buildings.
54. MBIE has established a Seismic Work Programme to ensure seismic risk in new and existing buildings is managed effectively. This includes guidance to help decision-makers make risk-informed decisions about their buildings and providing support to public sector decision-makers.
55. There are a range of possible further actions MBIE can take to support building owners.

Constitutional convention

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<sup>16</sup> The %NBS provides an indication of how well a building protects life safety when compared with a hypothetical similar new building on that same site that complies with the minimum standard required by the Building Code.

### **MBIE works with you to respond to building and construction sector challenges**

56. MBIE's work programme involves a range of actions to address the current risks and issues affecting the sector, along with longer-term work to address more systemic challenges so the sector is better prepared for external shocks and challenges in the future.
57. Beyond managing risk, we also see opportunities for the building and construction sector to play a much greater role in supporting the Government's goals for low emissions, sustainable and inclusive economy through increased innovation and improved productivity,
58. Section 6 of this briefing outlines some immediate priorities and key elements of our work programme. These include:
  - a range of urgent initiatives addressing the current supply chain constraints and building material shortages
  - building system reforms, which address the underlying systemic and historic challenges facing the sector
  - future-focussed work on managing seismic risk and responding to emerging science impacting the building regulatory system, and issues such as the building and construction response to climate change
  - key operational functions.
59. We welcome the opportunity to brief you in more detail on the full work programme and discuss your priorities in the Building and Construction portfolio.

### **The building regulatory system**

60. The building regulatory system plays a critical role in addressing the challenges and supporting the sector's ability to deliver.
61. To support the building and construction sector to build safe, healthy, durable and low emissions buildings, a strengthened regulatory system is crucial in driving the right behaviours so the building system can operate at its optimum level.

### **Regulatory stewardship expectations**

62. Government departments are expected to invest in maintaining the quality of the regulation they are responsible for in a similar way to other key assets that departments are responsible for. Cabinet guidance notes that regulatory stewardship involves taking a long-term view to ensure regulation is fit-for-purpose in the future. It includes a focus on the practice of regulation as well as policy.
63. MBIE is responsible for a wide range of regulatory systems. The last Performance Improvement Framework Review of MBIE in 2017 identified MBIE's stewardship of its regulatory systems as a key area to focus on to lift the organisation's performance. In response to these expectations, MBIE has developed a programme of work to enhance its stewardship of all its regulatory systems. The work includes more investment in system assurance to provide confidence that systems are working as intended, and more focus on the governance and oversight of each system. MBIE is also developing a programme of periodic assessments of each MBIE regulatory system to help ensure its fitness for purpose.

- 64. MBIE completed an internal review of the regulatory stewardship practices across the building regulatory system in late 2020. The review aimed to show where there are areas of strength in MBIE's stewardship of the regulatory system and to identify where practices can be improved.
- 65. The review evaluated the maturity of the system and informs efforts to increase the maturity of practices over time. Work is well underway to address the findings of this review, particularly with respect to three identified priorities areas – culture; governance, leadership and strategy; and insights and foresights.

### **Building for the Future – MBIE's vision for the regulatory system**

- 66. MBIE has developed a vision for our regulatory work in the building system to support better buildings for New Zealanders now and into the future.
- 67. Building for the Future (the Vision) sets out MBIE's vision for building regulation over the next 10 to 15 years, and broadly what MBIE needs to do to achieve that future. The Vision has a focus on wider wellbeing outcomes – social, environmental, economic – and aims to get the system thinking beyond the 'bricks and mortar' of design and construction.
- 68. It outlines how MBIE's regulatory role can contribute to addressing some of the big challenges the building system needs to overcome, such as skills shortages, environmental and climate impacts of the construction process, and the slow adoption of new technologies.
- 69. The Vision sets out broad goals to move building regulation in the right direction. The Vision will be improved and amended over time as it is developed in consultation with others operating across the system and through tracking progress.
- 70. The Vision is a living document. It will be reviewed regularly to ensure it remains relevant and creates positive change to the building regulatory system.
- 71. The priorities MBIE has identified for the building regulatory system are all key contributions towards achieving the Building for the Future vision.

### **The framework and performance of the building regulatory system**

- 72. New Zealand's current building regulatory system focuses on how a building must perform to the specified standards. To achieve this, the system needs to ensure the industry has skilled and accountable service providers, fit-for-purpose building products, efficient processes and clear and future-focussed performance measures. It also needs to ensure that all the participants' roles and accountabilities in the building regulatory system are clear.
- 73. These requirements are reflected in the building regulatory framework, the structure of regulatory system participants and roles, and the structured regulatory intervention levers.

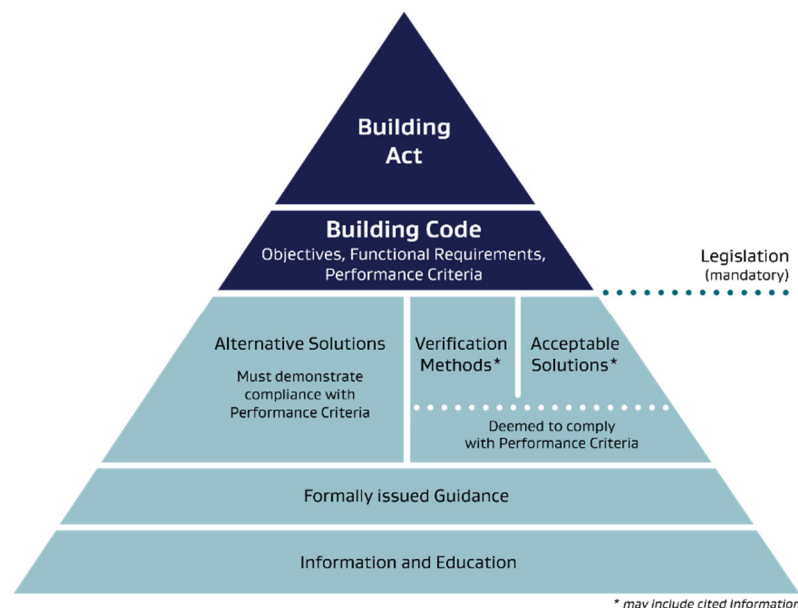
### ***The building regulatory framework***

- 74. A well-functioning regulatory system requires clear, efficient and flexible performance settings and regulatory processes. In New Zealand, the primary legislation of the building system and the compliance pathways provide the building regulatory framework.
- 75. As shown in Figure 1 below, the *Building Act* is the primary legislation governing the building industry and provides the framework for New Zealand's Building Code System. The Act protects

consumers and provides assurance that buildings are safe and fit-for-purpose<sup>17</sup>. The Building Code regulates building design and construction by describing the minimum performance settings for buildings in terms of objectives, functional requirements and performance requirements.

76. The Building Code regulates all building work in New Zealand. It sets performance standards that all building work must meet, covering aspects such as structural stability, fire safety, access, moisture control, durability, services and facilities. The Building Code is performance-based, allowing innovative building solutions to be developed and used, provided they meet the performance requirements of the Code.
77. To facilitate compliance, the Building Code allows for publication of certain documents that specify design and construction methods that are 'deemed to comply', such as Acceptable Solutions and Verification Methods. Building consent authorities must accept these documents as establishing compliance with the Building Code. Many Acceptable Solutions and Verification Methods also refer to cited information (such as Standards) that provided technical details where required.
78. Meanwhile, Alternative Solutions can be relied on to demonstrate compliance with clauses of the Building Code. This is where all, or part, of the building design differs from an Acceptable Solution or Verification Method, and other means are used to show how building work still complies with the Building Code.

**Figure 1: the building regulatory system**



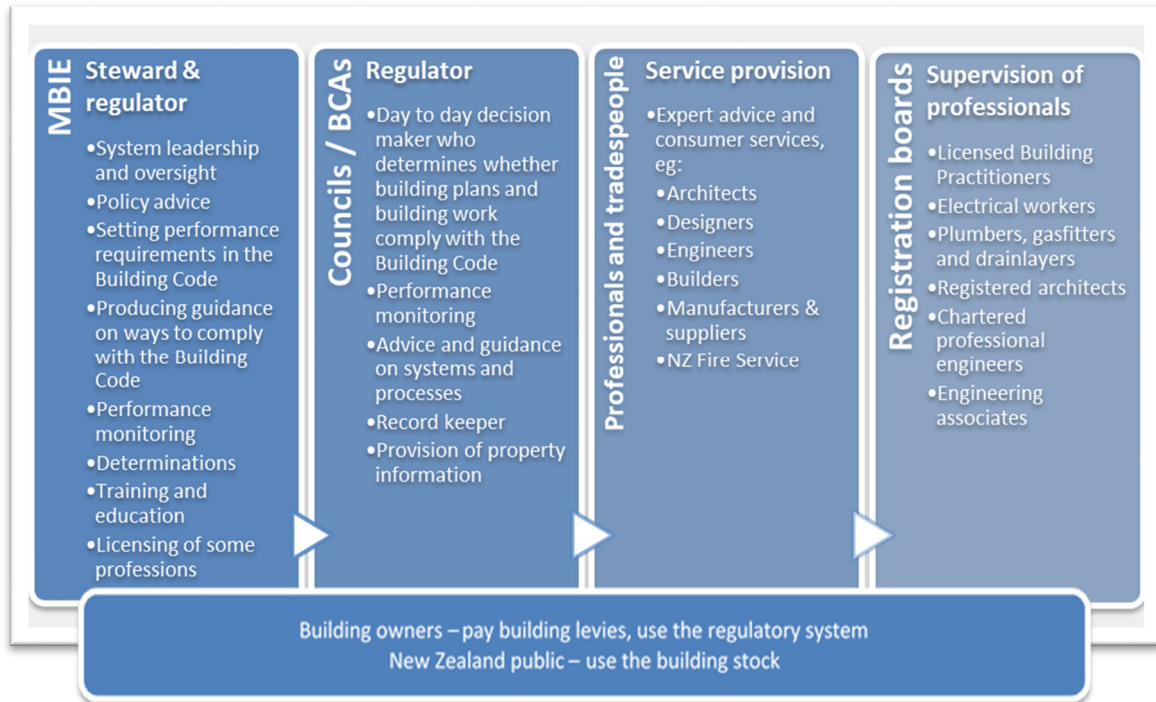
### ***The structure of regulatory system participants and roles***

79. There are a range of participants who play different roles in the building regulatory system. The effectiveness of the building regulatory system relies on MBIE as steward and central regulator, building consenting authorities (BCAs) as co-regulators, and occupational boards to oversee the regulated occupations and the capability and capacity of the workforce.

<sup>17</sup> Discussion of other legislation are provided in Section 3 – Portfolio Responsibilities.

80. Figure 2 below provides an overview of the different participants and roles in the regulatory system.

**Figure 2: overview of the different participants and roles in the regulatory system**



### **Structured regulatory intervention levers**

81. Regulatory interventions need to be well targeted to be effective. MBIE uses a 4P framework (people, process, products and performance) to define both the outcome and the regulatory levers available to set standards and influence change in the building regulatory system. The 4P framework covers all the major components in the building system and allows relevant and targeted regulatory interventions to be identified and developed. This is illustrated in Table 1, overleaf.



## BRIEFING FOR INCOMING MINISTER FOR BUILDING AND CONSTRUCTION

**Table 1: 4P framework for regulatory system**

	Outcome	Regulatory intervention lever
<b>Performance</b>	Good performance includes ensuring buildings are safe and durable; buildings are designed, constructed and able to be used in ways that promote sustainable development; and buildings contribute appropriately to people's health, physical independence and wellbeing.	Setting clear performance requirements while enabling innovation to ensure the building system performance standards are clear and reasonable and look to the future.
<b>People</b>	People are participants in and end users of the building system. They include regulators, business owners, the construction workforce, consumers, and others who interact with and affect the building system. People need to be informed, available, skilled, accountable and protected, depending on their roles and responsibilities in the system.	Setting clear rules for construction occupations and requirements of protection for consumers to ensure an available, accountable workforce with the right skills for the industry, and appropriate protection for consumers.
<b>Processes</b>	Processes refers to the regulatory and commercial processes used to carry out activities in the building system. The effectiveness of the system depends on how well these processes work for system participants.	Using accreditation of regulatory bodies and consumer protection tools to ensure regulatory and commercial processes are risk-based, balanced and efficient.
<b>Products</b>	Products are key inputs to building work, both tangible (building materials) and intangible (digital technologies, research and innovation). Products are central to the safety, durability, costs and environmental impact of buildings.	Setting clear requirements for building products to be reliable, fit-for-purpose and used appropriately.  Certification of products ensures they are of good quality.  Warning and ban notices ensure building products and methods comply with the Building Code.

### ***Strengthening the building system through regulation***

82. Regulations, along with other levers, are critical tools to strengthen the building system. The following figure provides an overview of how the building system would be strengthened.

Figure 3: Overview of strengthening the building system



### 3. Portfolio responsibilities

83. As the Minister for Building and Construction, your portfolio responsibilities are mainly related to the building and construction sector (as set out in the Overview section above). Some of these responsibilities are further discussed in this section and in other sections concerning how MBIE assists you and major work programmes.

#### Legislation within your portfolio responsibilities

84. As Minister for Building and Construction, you are responsible for the administration of the following legislation, set out in Table 2 below.

**Table 2: list of legislation in the Building and Construction Portfolio**

##### **The Building Act 2004**

is the primary legislation governing the building industry in New Zealand and provides the framework for New Zealand's Building Code system.

It provides for the regulation of building work, the establishment of the Licensed Building Practitioner scheme and performance standards for buildings – in particular, standards related to health, safety, escape from fire and sustainability. It has specific provisions for earthquake-prone buildings.

It provides regulatory responsibilities and accreditation framework in relation to a range of organisations.

It promotes the accountability of owners, designers, builders and building consent authorities who have responsibilities for ensuring building work complies with the Building Code.

The *Building Act* establishes the Building Practitioners Board (see Annex 2) to oversee the licensing scheme for building practitioners – including hearing appeals against licensing decisions made by the Registrar of the Licensed Building Practitioners, hearing complaints about the conduct of Licensed Building Practitioners and approving the Licensed Building Practitioner rules.

It also sets up consumer protection measures for residential building work, including implied warranties, mandatory contract requirements, disclosure information and checklists.

##### **The Chartered Professional Engineers of New Zealand Act 2002**

establishes a registration framework and a mark of quality for 'chartered professional engineers'.

It requires those registered to meet minimum standards, a code of ethics and sets out a complaints and disciplinary process.

It provides for a Registration Authority to manage the applications and assessments process.

The Act also establishes the Chartered Professional Engineers Council (see Annex 2) to approve minimum standards, hear appeals from decisions of Engineering New Zealand and report to the Minister on the Registration Authority's performance.

##### **The Construction Contracts Act 2002**

facilitates regular and timely payments between parties to a construction contract, as well as set out remedies for the recovery of payments.

It also regulates retention money and sets out an adjudication process for resolving disputes under construction contracts.

**The Engineering Associates Act 1961**

establishes a registration framework for engineering associates (such as engineering technicians and technologists) and stipulates the training and experience an engineering associate must have.

It also establishes the Engineering Associates Registration Board (see Annex 2) to carry out functions relating to registration and complaints and disciplinary processes.

**The Plumbers, Gasfitters, and Drainlayers Act 2006**

establishes a licensing regime for those who carry out plumbing, gasfitting and drainlaying services and ensures their competency to protect public health and safety.

It also establishes the Plumbers, Gasfitters and Drainlayers Board (see Annex 2) to carry out functions relating to registration, licensing, professional competency and complaints and disciplinary processes.

**The Registered Architects Act 2005**

establishes a registration framework and protects the title of 'registered architect' for those who meet the minimum standards to be registered.

It requires a code of ethics and a complaints and disciplinary process to apply to registered architects.

It also establishes the New Zealand Registered Architects Board (see Annex 2) to carry out functions relating to registration, the code of ethics and the complaints and disciplinary process.

**Part 10 and 11 of the Electricity Act 1992**

sets out the registration and licensing framework of electrical workers and the minimum standards they must meet.

It also establishes the Electrical Workers Registration Board (see Annex 2) to carry out functions relating to registration and licensing electrical workers and disciplinary proceedings.

**The Weathertight Homes Resolution Services Act 2006**

establishes the Weathertight Homes Tribunal to provide access to a speedy, flexible and cost-effective process for assessing and resolving leaky building claims.

It also provides a Crown financial assistance package to qualifying claimants to facilitate leaky building repairs.

## Statutory boards

85. You are responsible for appointing members for six statutory occupational boards. These boards play a vital role in managing regulatory assurance for the building and construction industry and ensuring the competence of workers in the industry. They include:

- the Building Practitioners Board
- the Engineering Associates Registration Board
- the Plumbers, Gasfitters and Drainlayers Board
- the New Zealand Registered Architects Board
- the Electrical Workers Registration Board
- the Chartered Professional Engineers Council.

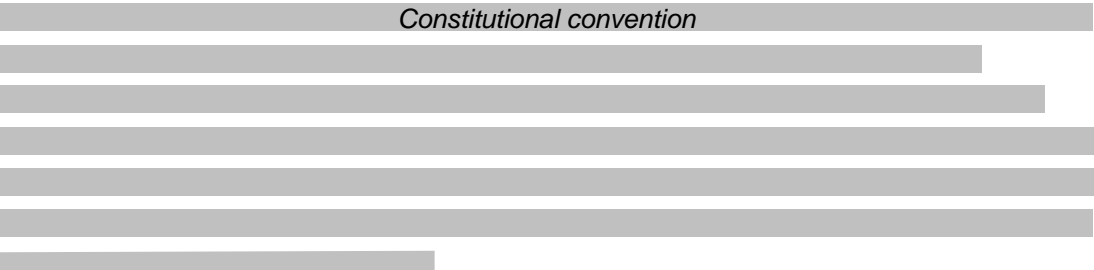
86. There are a number of appointment processes underway across each the six statutory boards. We will be providing you with further advice on the appointments process.

## Building and Construction expenditure

87. You are responsible for building and construction expenditure of around \$85 million per year within Vote Building and Construction. Annex 1 provides a breakdown of Building and Construction expenditure.

### Work in the Building and Construction portfolio is largely third-party funded

88. Third-party funding in Vote Building and Construction totals \$53.235 million in 2022/23.
89. A considerable portion of building expenditure is funded by the building levy. The levy-funded appropriation category in Vote Building and Construction totals \$42.9 million in 2022/23.
90. The building levy is paid by building consent applicants (ie homeowners/building owners), and is collected on all building work valued over \$20,444 (GST incl). The rate of the levy is set in regulations and is currently set at \$1.75 per \$1,000 of the estimated value of building work.
91. The total levy collected in any financial year is driven by the volume and value of building consents issued. In the 2021/22 financial year, the levy collected is forecast to be \$47.3 million.

92.  *Constitutional convention*

93. The *Building Act* provides that building levy funds can only be spent to fulfil the chief executive's functions under the Building Act, or any other Act related to the building sector. There is some ability to be flexible in how the levy is spent, as long as it can be directly attributed to a chief executive function. Chief executive functions under the Building Act can be broadly categorised as:

- regulatory functions – such as issuing technical guidance to establish compliance with the Building Code, making determinations, building consent authority registration and accreditation activities and reviewing the operation of territorial authority functions
- policy, implementation and monitoring functions – such as advising the Minister on regulatory and policy matters, implementing the *Building Act* and monitoring key trends
- information and education – such as issuing guidance documents and maintaining various information registers required under the *Building Act*
- enforcement, in certain cases.

94. At present, there are no chief executive functions under other building system legislation. The *Construction Contracts (Retention Money) Amendment Bill* proposes that the chief executive have new powers to enforce the retention money regime. This will be able to be funded by the building levy.

95. The other main category of third-party funding is through fees.

96. Portions of the occupational licensing work are funded through practitioner fees. These fees include \$6.209m in budgeted licensed building practitioner fees and \$4.126m in budgeted electrical worker fees for 2022/23. A review of fees for both regimes is due next financial year. These fees may only be spent for the purpose for which they are collected.
97. The National Multiple Use Approval (Multiproof) scheme is required to operate solely on a cost recovery basis. This scheme is not covering its own costs and has a memorandum account in deficit. Work is underway to initiate a review of the existing cost model, including a review of fees.
98. The Determinations function is also funded primarily by the Building Levy. A small proportion of the total cost (less than one percent) is met by application fees.

### **A smaller portion of the Building and Construction portfolio is Crown-funded**

99. Crown funding in Vote Building and Construction totals \$30.3 million in 2022/23.
100. Crown funding in the portfolio has been secured largely for work that cannot be funded via the building levy. This includes:
  - the Weathertight Homes Resolution Service
  - policy advice and related services – including funding the Construction Sector Accord work, parts of the Building for Climate Change work programme and research, data and insights
  - the Residential Earthquake-prone Building Financial Assistance Scheme, including funding for loans.
101. While these funds have been set aside to deliver specific initiatives, there is more flexibility to reprioritise Crown funding in the Vote to fund new initiatives. MBIE reports to you regularly on any Crown underspends, and opportunities to make use of any underspends to further your portfolio priorities.

### **Construction Sector Accord**

102. The Minister for Building and Construction, six other Ministers and 14 industry leaders signed and launched the Construction Sector Accord (the Accord) in April 2019. The Accord is a joint commitment between government and industry to work together to create a high performing construction sector for a better New Zealand. The Accord is one of eight industry transformation plans (ITPs) established by government to transform key industries<sup>18</sup>. These industries have significant potential to contribute to a high productivity, high wage and low emissions economy. ITPs bring together key industry stakeholders to agree on a long-term vision for their industry and identify what actions can be taken by industry, government and others to realise this vision.
103. The Accord signals a new way for government and industry to partner to address some of the long-standing and systemic challenges the sector is facing, such as skills and labour shortages, poor health and safety performance, low productivity, boom-bust cycles, low business resilience, poor procurement and risk management practices, high environmental impact, low

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<sup>18</sup> The eight industries are: Construction, AgriTech, Advanced Manufacturing, Digital Technologies, Food and Beverage, Forestry and Wood Processing, Fisheries and Tourism.



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trust and confidence in the sector, and a lack of sector leadership. The Accord calls for cultural and behavioural changes to enable the sector to thrive.

104. The Construction Sector Transformation Plan (the Transformation Plan) is a three-year action plan for change developed with strong industry and agency input targeted at addressing the challenges faced by the sector across eight work streams. The current Transformation Plan concludes on 30 June 2022. The Transformation Plan includes 30 milestones across the eight workstreams. The Accord expects that it will deliver on 28 out of its 30 milestones.
105. The Transformation Plan 2022-2025, the next iteration of the Accord programme, is due to commence from July 2022. The new plan will continue to tackle the sector's well-known challenges, with a greater focus on growing innovation, resilience, the Māori construction economy and sustainability. You will be seeking Cabinet's endorsement of the Transformation Plan 2022-2025 in late-June/early-July 2022. The Transformation Plan 2022-2025 is targeting four main focus areas and seven underlying priorities:

### *People*

- **Leadership for change:** To build the capabilities and capacities of large and small to medium enterprise leaders to lead business improvement and change.
- **Workforce development:** To support the development, attraction, and retention of the workforce of tomorrow.
- **Strong Māori construction economy:** To authentically partner recognising the important relationship with Māori in Aotearoa.
- **Wellbeing, health and safety for all people:** To enable thriving people at all levels, and continued focus on a zero-harm and fatality-free sector

### *Client leadership*

- **Procurement and contracting:** To drive better outcomes through improved planning, procurement and delivery practices achieved through increased collaborative behaviours.

### *Environment*

- **Environment and climate action:** To accelerate the adoption of carbon and waste minimising materials and practices.

### *Innovation*

- **Advanced construction ecosystem:** To accelerate innovation ranging from incremental business performance improvement to disruption and value creation.

106. The Transformation Plan 2022-2025 also reserves some of the Accord's resources for responding to the emerging issues and opportunities of the day. The Accord's overall work programme will be enabled by utilising data and insights and creating and leading industry networks.
107. You are the chair of the Accord Ministers. You, as well as other Accord Ministers, will be regularly invited and can choose to attend Accord Steering Group and Accord Forum meetings to maintain engagement with the sector.

## 4. Major links with other portfolios

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108. As Minister for Building and Construction, you will need to work closely with Ministers of other portfolios, including Housing, Energy and Resources, Commerce and Consumer Affairs, Workplace Relations and Safety, Local Government, Environment, Finance, Education, Employment, Immigration, Infrastructure, Climate Change and Economic Development.
109. The Construction Sector Accord is a good demonstration of the interrelationship of the Building and Construction portfolio with other portfolios, including Infrastructure, Education, Economic Development, Housing, Workplace Relations and Safety, and Health. Specific links with some portfolios are discussed below.
110. **Housing:** the Minister for Building and Construction and the Minister of Housing are jointly responsible for work to increase housing supply for New Zealanders. The overall efficient functioning of the building regulatory system has an important role to play in supporting the objectives of the Housing portfolio. The building regulatory system can have an impact on residential housing costs, supply, quality and the time taken to build and consent new houses. There is also a considerable overlap across the Building and Construction and Housing portfolios in terms of labour supply and skills. A majority of the construction sector workforce works in the residential housing market.
111. **Energy and Resources:** the building for climate change programme is strongly connected to work within your energy portfolio to develop an energy strategy and a gas transition plan. Understanding future energy demand from construction activity and the operation of buildings over coming years will be an important part of planning for future energy supply and supporting the transition away from fossil gas. In addition, proposed measures to introduce requirements for new buildings to measure and report on the embodied carbon of buildings can help drive reductions in energy use (for example through the use of lower emissions building products).
112. **Commerce and Consumer Affairs:** the building and construction sector plays an important role to ensure consumers' interests are protected through regulating building products to be safe and fit-for-purpose. The proposed legislative reforms would require manufacturers and suppliers (including importers) to stand behind their products. They would have stronger incentives to undertake appropriate testing so they can back up any claims they make about their products. Minimum information requirements will ensure that designers can make decisions about the appropriate products to use within the building they are designing. In addition, the Minister of Commerce and Consumer Affairs is responsible for Standards New Zealand, which manages the development of a number of building and construction related standards.
113. **Immigration:** the building and construction sector relies on the support of flexible immigration policy, particularly in terms of skilled workers.
114. **Infrastructure:** the Building and Construction portfolio and the Infrastructure portfolio are closely linked in that the building and construction sector is a major contributor to the delivery of quality infrastructure, and the infrastructure portfolio provides projects for the building and construction sector. The first 'Infrastructure pipeline' for five government agencies was



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published in May 2019. It was expanded in November 2019 to include 10 additional organisations and 500 projects.

115. **Workplace Relations and Safety:** health and safety of the workforce in the building and construction sector is key to the successful operation of the industry. The government is reviewing health and safety regulations for managing common workplace risks such as using machinery and equipment.
116. **Environment:** there is a close link between resource consenting and building consenting, which are governed by the *Resource Management Act 1991* and the *Building Act* respectively. The ongoing review of the resource management system may therefore have implications for the building and construction sector. In addition, the government is developing a new national waste strategy and waste legislation, which may support action in the building and construction sector to reduce construction and demolition waste.
117. **Climate Change:** the building and construction sector is responsible for around 9.4 per cent of New Zealand's domestic greenhouse gas emissions, and it is affected by the changing climate. Building and construction is therefore a key contributor to both the Emissions Reduction Plan and National Adaptation Plan, and you are jointly accountable for the delivery of actions in your portfolio across both documents.

## 5. How MBIE assists you

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118. MBIE assists you in fulfilling your portfolio responsibilities through its roles of steward and central regulator for the building and construction sector. The stewardship role requires MBIE to look across the system as a whole and provide advice on how to ensure the building regulatory system is high performing. As the central regulator, MBIE manages the rules, procedures, and other key functions for regulating building work.

119. The following groups of MBIE play specific roles in the building regulatory system.

### Building, Resources and Markets Group

120. The Building System Performance (BSP) branch of the Building, Resources and Markets Group provides advice on regulatory settings and policies that administer the *Building Act* and related statutes, including:

- maintaining an overview of the performance of the building regulatory system, informed by sector intelligence and robust performance data
- using this understanding of the building regulatory system to develop a strategy and work programme to address sector performance issues and realise emerging opportunities
- developing policy advice, well informed by technical expertise, to optimise performance of the building regulatory system
- providing expert advice on technical matters, including the design and commissioning of enquiries related to building or product performance or failure
- supporting the effective implementation of policy and regulation based on modern service design and regulatory principles
- keeping abreast of innovations, trends and risks in relation to building technology and systems.

### Te Whakatairanga Service Delivery Group

121. The Te Whakatairanga Service Delivery Group delivers operational services. It works with businesses, employees and consumers to help them participate effectively in the building and construction market by:

- providing information on rights, responsibilities and dispute resolution to consumers and practitioners
- administering occupational regulation schemes for the licensed building practitioners and electrical workers regimes
- providing support to the Building Practitioners Board and Electrical Workers Registration Board
- investigating complaints against licensed and registered practitioners
- prosecuting criminal offences in relation to licensing, registration and consumer protection measures
- administering the building product certification scheme (CodeMark)

- making determinations about disputes on certain building matters
- supporting owners of leaky homes to resolve their Weathertight claims, and administering the Financial Assistance Package to help eligible claimants remediate their homes
- managing the development and revision of standards and providing support to the independent Standards Approval Board
- monitoring the performance of building consent authorities.

122. Resourcing in this Group has been increased significantly over the last five years. This is partly in response to the changing needs of the sector, as well as in response to the new responsibilities and increased powers for the chief executive to investigate building failures brought about by the amendment to the *Building Act* in 2019<sup>19</sup>, and partly in preparation for the implementation of the reform programme.

123. Annex 3 contains a snapshot of the Group's operations for Q3 in the 2021/22 financial year.

### Labour, Science and Enterprise Group

124. The Labour, Science and Enterprise Group advises on labour market policy, immigration policy, workplace health and safety and accident compensation policy and manages international components. Many of the policy areas, such as immigration and health and safety, are directly related to the building and construction sector. However, their support will be provided via the relevant portfolio ministers rather than directly to you.

125. The Board Appointment and Governance (BAG) team sits within the Labour, Science and Enterprise Group. The BAG team provides support and advice to the Minister for Building and Construction for the six occupational statutory boards within the Building and Construction portfolio.

126. The BAG team's work includes:

- managing board appointment processes
- monitoring the performance of the boards
- drafting the performance agreement between each board and the Minister for Building and Construction
- regularly reviewing the board members' fees in accordance with the Cabinet Fees Framework
- providing governance advice to the boards.







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<sup>19</sup> Refer to the *Building Amendments Act 2019*.

## Key MBIE officials

127. Table 3 below sets out the key MBIE officials who will provide direct support to you.

**Table 3: Key MBIE officials**

Contact	Role	Priority Area	Contact details
<b>Carolyn Tremain</b> 	Chief Executive, Ministry of Business, Innovation and Employment	All	Privacy
<b>Paul Stocks</b> 	Deputy Chief Executive, Building, Resources and Markets	Building policy and performance	
<b>John Sneyd</b> 	General Manager, Building System Performance, Building, Resources and Markets	Building policy and performance	
<b>Sanjai Raj</b> 	General Manager, Market Integrity, Te Whakatairanga Service Delivery	Occupational regulation (covering registering and licensing of building practitioners and electrical workers)	
<b>Ingrid Bayliss</b> 	General Manager, Building and Tenancy Services, Te Whakatairanga Service Delivery	Building system Assurance, determinations, dispute resolution and weathertight services	
<b>Michael Bird</b> 	General Manager, Entity Performance and Investment, Labour, Science and Enterprise	Building and Construction board appointments, governance and performance monitoring (covering all statutory boards in Annex 2)	

## 6. Major work programmes

128. In line with your Portfolio responsibilities, there are a range of work programmes that need to be brought to your attention. The following table sets out the major work programmes that we consider may be a priority for you.

**Table 4: major work programmes**

Programme	Description	Action/next step
<b>Initiatives that will address current challenges facing the sector</b>		
Critical Materials and Products Work Programme	<p>As outlined in paragraphs 38-39, MBIE is launching a Critical Materials and Products Work Programme to take a building and construction system view of supply-constrained building materials and products. It will have an initial focus on plasterboard.</p> <p>This programme will work across all building materials and products supply chain matters.</p>	<p>An update on plasterboard was provided to your office on Thursday 16 June 2022.</p> <p>We will update you on the Critical Materials and Products Work Programme, including initial advice on legislative and regulatory options, by 30 June 2022.</p>
<b>Initiatives that address systemic and historic challenges</b>		
<i>Constitutional convention</i>		

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Programme	Description	Action/next step
	<i>Constitutional convention</i>	
Building Code Update	<p>The Building System Performance Branch consult annually on updates to the Building Code Supporting Documents (Acceptable Solutions and Verification Methods).</p> <p>Following public consultation, updates are gazetted and published with a transition period.</p>	<p>Public consultation on the 2022 Update to the Building Code Supporting Documents opened on 2 May 2022 and close on 1 July 2022</p> <p>An update will be published in November 2022.</p> <p>Public consultation has just</p>

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Programme	Description	Action/next step
		closed on a proposal to extend when changes to insulation (H1) requirements come into force by six months.
<i>Constitutional convention</i>		
<b>Future-focused initiatives</b>		
<i>Constitutional convention</i>		

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Programme	Description	Action/next step
<i>Constitutional convention</i>		
<b>Operational building initiatives</b>		
Building Emergency Management	<p>The <i>Building Act</i> provides a framework for managing buildings in an emergency. In designated areas, territorial authorities have powers to assess and take steps to manage buildings that may have been damaged or destroyed.</p> <p>There are currently 7 designated areas:</p> <ul style="list-style-type: none"> <li>• Papatoetoe, Auckland Council (Tornado – June 2021)</li> <li>• Westport Township, Buller District (Flood – July 2021)</li> <li>• Mahakipawa, Marlborough District (Flood – July 2021)</li> <li>• West Auckland Storm Zone (Flood – September 2021)</li> <li>• Wider Buller District (Flood – March 2022)</li> <li>• Tairāwhiti (Flood – March 2022)</li> <li>• Levin, Horowhenua (Tornado – June 2022)</li> </ul>	<p>MBIE continues to provide assistance to territorial authorities who are managing these areas.</p> <p>We will provide regular updates in the weekly report.</p>
Building Product Safety and product investigations	<p>MBIE's role as regulator in the building regulatory system includes management of building product assurance and complaints about building products and methods.</p> <p>There are currently three active building product investigations.</p>	<p>We will continue to provide you updates on these investigations via the weekly report.</p>
Building consent authority accreditation and territorial authority reviews	<p>MBIE maintains active oversight of the building consent authority accreditation scheme, and reviews territorial authority functions.</p> <p>This work is ongoing.</p>	<p>We will provide regular updates in the weekly report.</p>



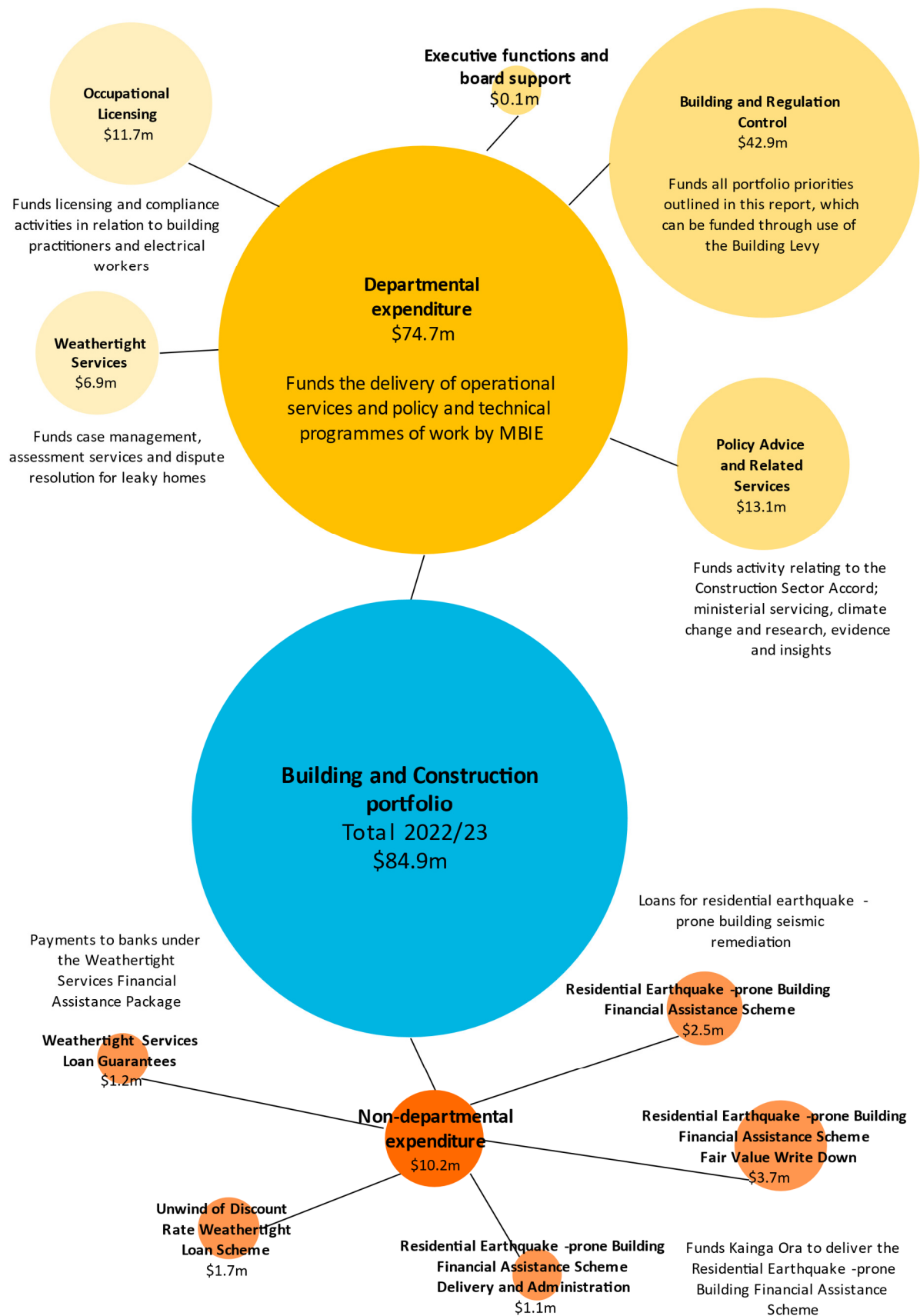
## BRIEFING FOR INCOMING MINISTER FOR BUILDING AND CONSTRUCTION

Programme	Description	Action/next step
Earthquake-prone buildings: monitoring deadlines	<p>MBIE monitors the performance of territorial authorities' obligations in respect of earthquake-prone buildings. Territorial authorities have deadlines for identifying and ensuring the remediation of buildings in their area.</p> <p>The next statutory deadline is 1 July 2022, when territorial authorities in medium seismic risk areas have to identify "priority" buildings in their area. We are satisfied that all territorial authorities are on track to meet this deadline.</p>	We will provide regular updates in the weekly report.
Building Legislative Reform: Operationalisation	Implementing and operationalising the change to the CodeMark Scheme, the new Modular Component Manufacturing Scheme and the new Building Product Information Requirements.	We will provide regular updates in the weekly report.
Occupational regulation: classes of registration	MBIE is supporting the Electrical Workers Registration Board to review the classes of registration. The Electrical Workers Registration Board have considered all public submissions received and actioned an independent technical report. The Board have provided feedback on the technical report.	We will provide you a briefing with the outcome of the review and provide Gazette notices for your approval.
Occupational regulation: licensing platform	MBIE is currently replacing the core licensing platform, which supports the Licensed Building Practitioners and Electrical Workers Licensing schemes. The changes to the portal will make it easier for electrical workers and licensed building practitioners to register or relicense online and provide them with easily accessible history of their development and skills. The new Electrical Workers Online Licensing Portal went live in October 2021. The portal for Licensed Building Practitioners is due to be rolled out later this year.	We will provide regular updates in the weekly report.
Weathertight Services: resolving remaining claims	<p>Applications for new claims closed on 31 December 2021 due to the sunset clause in the <i>Weathertight Homes Resolution Services Act 2006</i>.</p> <p>We are focusing on the resolution and closure of remaining claims. As of 31 May 2022, there were 339 open claims for 1,513 homes.</p> <p>While legislation does not include a timeframe for resolving claims, we have a</p>	We will provide updates through regular reporting, including the weekly report.

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Programme	Description	Action/next step
	<p>focus on speedy, cost-effective resolution. As long as claimants are making progress towards resolution, their claim can remain open.</p> <p>MBIE is also working to ensure that it retains the right capabilities to support claimants throughout the life of the Weathertight Services. This has included a recent review of the size and structure of the Weathertight Services team.</p>	

## Annex 1: Building and Construction Expenditure



## Annex 2: Statutory Boards

Board/Entity	Members	Appointment dates
<p><b>Building Practitioners Board</b></p> <p><i>Established under the Building Act 2004</i></p> <p>You are responsible for appointing members to this Board. The Board and the Ministry are jointly accountable for the performance of the registration and licensing system and you are able to set expectations relevant to the Board's functions, as laid out in its legislation.</p>	<p>Christopher John Preston (Chair)</p> <p>Melbourne J (Mel) Orange</p> <p>Robert Guy Monteith</p> <p>Faye Dawn Pearson-Green</p> <p>Yualin (Rob) Shao</p> <p>Jacqui Clark</p> <p>Karen Reynolds</p> <p>Graham Anderson</p>	<p>12/08/2013 - 14/10/2022</p> <p>12/08/2013 - 14/10/2022</p> <p>1/10/2015 - 31/01/2022</p> <p>22/05/2017 - 14/10/2022</p> <p>10/09/2019 - 31/08/2022</p> <p>01/07/2021 – 30/06/2024</p> <p>01/02/2022 – 31/01/2026</p> <p>01/02/2022 – 31/01/2026</p>
<p><b>Chartered Professional Engineers Council</b></p> <p><i>Established under the Chartered Professional Engineers of New Zealand Act 2006</i></p> <p>You are responsible for appointing members to this Board (four members are nominated by associations). You and the Council have a performance agreement which sets out expectations relevant to the Board's functions as laid out in its legislation, as well as governance of the Council.</p>	<p>Christopher Harrison (Chair)</p> <p>Sandra Hardie</p> <p>Susan Simons</p> <p>Alan Winwood</p> <p>Sarah Sinclair</p> <p>Manjit Devgun</p> <p>Anthony (Tony) Fairclough</p> <p>Megan Neill</p>	<p>21/12/2014 - 31/08/2023</p> <p>30/10/2016 - 31/07/2022</p> <p>1/12/2015 - 31/08/2022</p> <p>18/12/2015 - 31/08/2022</p> <p>1/08/2019 - 31/08/2022</p> <p>1/12/2020 - 30/11/2022</p> <p>01/09/2020 – 31/08/2023</p> <p>01/04/2022 – 31/03/2025</p>
<p><b>Electrical Workers Registration Board</b></p> <p><i>Established under the Electricity Act 1992 – the Minister of Energy and Resources has overall responsibility for the legislation</i></p> <p>You are responsible for appointing members to this Board. The Board and the Ministry are jointly accountable for the performance of the registration and licensing system and you are able to set expectations relevant to the Board's functions, as laid out in its legislation.</p>	<p>Melbourne J (Mel) Orange (Presiding Member)</p> <p>Michael John Douglas Macklin</p> <p>Monica Kershaw</p> <p>Jane Davel</p> <p>Han (Ashley) Yan</p> <p>Russell Barry Keys</p> <p>Martin Perry</p>	<p>10/09/2012 - 31/03/2022</p> <p>2/07/2009 - 31/8/2021</p> <p>1/02/2018 - 31/08/2023</p> <p>1/02/2018 - 31/08/2023</p> <p>1/06/2019 - 31/05/2022</p> <p>1/06/2019 - 31/05/2022</p> <p>1/09/2020 - 31/08/2023</p>

## BRIEFING FOR INCOMING MINISTER FOR BUILDING AND CONSTRUCTION

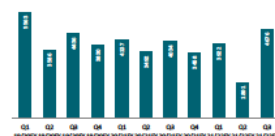
<p>Engineering Associates Registration Board</p> <p><i>Established under the Engineering Associates Act</i></p> <p>You are responsible for appointing members to this Board (six members are nominated by associations). You and the Board have a performance agreement which sets out expectations relevant to the Board's functions, as laid out in its legislation.</p>	<p>Deborah Jane Cranko (Chair)</p> <p>Glynn Maurice Cowley</p> <p>Ernest (Bruce) Hurley</p> <p>Warren Geoffry Crawley</p> <p>Dhammika (Danny) Muthumala</p> <p>Phil Huse-White</p> <p>Joyana Finch</p> <p>Joanne Johnston</p> <p>Colette McCartney</p>	<p>14/12/2012 - 31/03/2024</p> <p>14/12/2012 - 31/01/2024</p> <p>14/12/2014 - 31/01/2024</p> <p>14/03/2016 - 31/01/2024</p> <p>01/03/2018 - 31/01/2024</p> <p>01/02/2020 - 31/01/2024</p> <p>01/09/2020 - 31/08/2022</p> <p>01/09/2020 - 31/08/2022</p> <p>01/09/2020 - 31/08/2022</p>
<p>New Zealand Registered Architects Board</p> <p><i>Established under the New Zealand Registered Architects Act</i></p> <p>You are responsible for appointing members to this Board (four members are nominated by associations). You and the Board have a performance agreement which sets out expectations relevant to the Board's functions as laid out in its legislation, as well as governance of the Board.</p>	<p>Gina Jones (Chair)</p> <p>Louise Wright</p> <p>Kimberly Browne</p> <p>Murali Bhaskar</p> <p>Robert Hall</p> <p>Judith Thompson</p> <p>Vacancy <i>Constitutional convention</i></p> <p>Vacancy</p>	<p>23/01/2018 - 31/08/2023</p> <p>01/12/2014 - 31/08/2023</p> <p>3/10/2016 - 21/01/2023</p> <p>22/01/2019 - 21/01/2023</p> <p>22/01/2019 - 21/01/2023</p> <p>01/09/2020 - 31/08/2022</p>
<p>Plumbers, Gasfitters, and Drainlayers Board</p> <p><i>Established under the Plumbers, Gasfitters, and Drainlayers Act</i></p> <p>You are responsible for appointing members to this Board. You and the Board have a performance agreement which sets out expectations relevant to the Board's functions as laid out in its legislation, as well as governance of the Board.</p>	<p>Diana Louise Kuhtz (Chair)</p> <p>Deborah Jane Cranko</p> <p>Kenneth Neil Douglas</p> <p>Barry John Willcox</p> <p>Sue Simons</p> <p>Martin De Gouw</p> <p>Tofa Suafole Gush</p> <p>Beth Healy</p> <p>Ming-Chin Wu</p>	<p>17/09/2016 – 31/12/2024</p> <p>17/09/2015 – 31/12/2023</p> <p>15/08/2015 – 31/12/2022</p> <p>17/09/2015 – 31/12/2023</p> <p>01/09/2019 - 31/08/2022</p> <p>01/09/2019 - 31/08/2022</p> <p>01/09/2020 - 31/08/2023</p> <p>01/09/2020 - 31/08/2023</p> <p>01/09/2020 - 31/08/2023</p>

Q3 21/22FY

## ELECTRICAL WORKERS

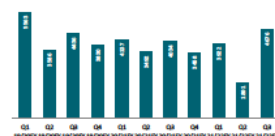
<b>35,393</b>	<b>885</b>
<b>Active electrical workers (EWs)</b>	<b>New practising licenses granted this quarter</b>

## LICENSING VOLUMES

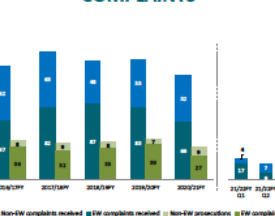


■ **Franchise licence applications received**

## LICENSING VOLUMES

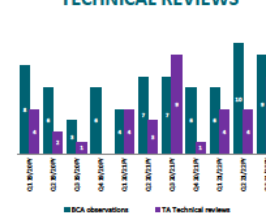


## COMPLAINTS



Non-FW complaints received FW complaints received Non-FW prosecutions FW compli

## BCA/TA OBSERVATIONS & TECHNICAL REVIEWS



## 5 BCA Complaints in progress

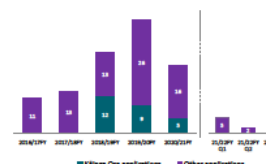
## PRODUCT CERTIFICATION & ASSURANCE



#### 4 current building product investigations

Product Name	Concern/Issue
SureGrip Selects	Misrepresentation of E2 compliance
Tradeable Lead Tape	Potentially exceeds lead content
Audick Brick Cladding	Misrepresentation of brick installation claims
V-Block Select Cable Base	Tests contravened by the complainant indicate

#### 4 MultiProof applications in process



#### 4 MultiProof applications in process

**514** MultiProof certificates on the register  
293 Kāinga Ora 221 Other

## WEATHERTIGHT SERVICES

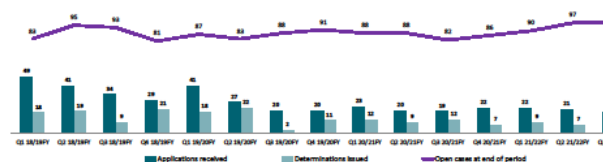
**Crown contribution to  
weathertight claims to date**

**198** ... plus future funding commitment

Activity to date:

636 Financial Assistance Package (FAP) contracts  
5,993 Dwellings have received contributions from the Crown to remediate  
\$59.1m Total Territorial Authority contribution nationwide  
7,385 Number of Weatheright Home Resolution Service (WHRS) claims received by MBIE, lodged for 12,828 properties

## DETERMINATIONS



Applications received