



COVERSHEET

Minister	Hon Jenny Salesa	Portfolio	Building and Construction
Title of Cabinet paper	Construction Sector Transformation Plan	Date to be published	19 August 2020

List of documents that have been proactively released

Date	Title	Author
4 December, 2019	Cabinet paper: Construction Sector Transformation Plan	Office of the Minister of Building and Construction
December, 2019	Cabinet paper annex: Draft Construction Sector Transformation Plan	MBIE & Construction Sector Accord
5 December, 2019	Cabinet minute: DEV-19-MIN-0335	Cabinet Office

Information redacted

YES / NO [select one]

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Construction Sector Transformation Plan

Portfolio **Building and Construction**

On 4 December 2019, the Cabinet Economic Development Committee:

- 1 **noted** that the Construction Sector Accord, launched in April 2019, establishes and communicates a mutual commitment between government and the construction industry to support the transformation of the sector for the success of New Zealand;
- 2 **noted** that to deliver on the commitments and goals in the Construction Sector Accord, government and industry have developed a Construction Sector Transformation Plan (Transformation Plan), which details:
 - 2.1 concrete programmes that will be implemented by the sector over three years;
 - 2.2 a behaviour and culture change plan at the cost of \$10.359 million;
- 3 **approved** the Transformation Plan, attached to the submission under DEV-19-SUB-0335, and endorse its implementation by government agencies and industry;
- 4 **noted** that to deliver a cohesive package of initiatives to grow the capacity of the construction workforce, the work to develop future iterations of the Construction Skills Action Plan has been integrated into the Transformation Plan and will be delivered under the Accord programme;

Financial implications

- 5 **noted** that:
 - 5.1 the Building System Reform Amendment Bill, which has a category 4 priority on the 2019 Legislation Programme (to be referred to a select committee in 2019), is expected to enable the Building Levy to be spent on broader stewardship of the building regulatory system;
 - 5.2 it is anticipated that this change would allow the Levy to be spent on elements of the ongoing delivery of the Transformation Plan;
- 6 **noted** that there is expected to be a funding shortfall of \$3.223 million from January 2020 until start of 2020/21;
- 7 **noted** that Accord agencies have been directed to identify funding from within baselines to contribute towards this shortfall;

- 8 **agreed** to fund the Transformation Plan for 2019/20;
- 9 **approved** the following changes to appropriations to give effect to the policy decision in paragraph 8 above, with no impact on the operating balance and net core Crown debt:

	\$m – increase/(decrease)				
	2019/20	2020/21	2021/22	2022/23	2023/24 & Outyears
Vote Building and Construction Minister for Building and Construction Multi-Category Expenses and Capital Expenditure: Policy Advice and Related Outputs MCA Departmental Output Expense: Policy Advice - Building and Construction (funded by Revenue Department)	1.050	-	-	-	-
Vote Building and Construction Minister for Building and Construction Departmental Output Expenses: Building Regulation and Control (funded by Revenue Other)	0.500	-	-	-	-
Vote Business, Science and Innovation Minister for Economic Development Departmental Output Expenses: Economic Development: Implementation of Improvements in Public Sector Procurement and Services to Business (funded by Revenue Department)	0.300	-	-	-	-
Total Operating	-	-	-	-	-
Total Capital	-	-	-	-	-

- 10 **agreed** that the change to appropriations 2019/20 above be included in the 2019/20 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 11 **directed** the Ministry of Business, Innovation and Employment to work with industry leaders to identify a contribution that can be made towards the funding shortfall for the implementation of the Transformation Plan for 2020;
- 12 **noted** that the Minister of Finance and the Minister for Building and Construction will identify whether any further funding required for the implementation of the Transformation Plan for 2020 can be met from within the Ministry of Business, Innovation and Employment's baselines;

Next steps

- 13 **noted** that officials will incorporate a Budget 2020 bid for the Construction Sector Transformation Plan into the wider Industry Transformation Plan Budget 2020 bid;
- 14 **noted** that the Transformation Plan is scheduled to be launched by Ministers, industry leaders and senior officials at an event in December 2019;

- 15 **invited** the Minister for Building and Construction to report back to DEV by the end of 2020 on further options identified by industry leaders and government to fund the Transformation Plan;
- 16 **invited** the Minister for Building and Construction to report back to DEV on progress to deliver the Transformation Plan by the end of 2020.

Janine Harvey
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Kelvin Davis
Hon Grant Robertson (Chair)
Hon Phil Twyford
Hon David Parker
Hon Nanaia Mahuta
Hon Jenny Salesa
Hon Kris Faafoi
Hon Shane Jones
Hon Willie Jackson
Hon James Shaw
Hon Eugenie Sage

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister for Building and Construction