

# NEW ZEALAND PRESENTATION TO ICC

The Building System in Overview

Columbus Ohio 2017





# New Zealand – The Building System in Overview

- New Zealand is in the grips of a Construction Boom
- 2017 National Construction Pipeline Report advised 6 key findings
  - National building and construction forecast shows a tighter people capacity issue with a longer boom duration than previously forecast
  - Dwelling Unit Consents are forecast to reach a new peak for the next 5 years
  - Non residential building growth is forecast to continue for longer and for a higher level than previously forecast
  - Auckland building and construction growth will be sustained for longer than other regions
  - Dwelling consents for the rest of NZ (outside Auckland) grew 27% in 2016
  - House sizes have plateaued and decreased in some regions over the past decade

<http://www.mbie.govt.nz/publications-research/research/construction-sector-productivity/national-construction-pipeline-report-2017.pdf>



# The People

## Overview

- Construction is the 4<sup>th</sup> largest employing sector in nearly 10% of the workforce
- Construction has grown 7% per annum since 2011 and is expected to stay above current levels till 2022
- Construction firms have a high rate of turnover – of all 2006 firms – only 24% still in business in 2016
- Age of Workforce – 45% of LBP's are 50 or over and 52% of building surveyors are over 50
- Construction is a “cottage industry” enterprise with 91% of firms having 1 – 5 staff
- Consumer satisfaction – low, with only 58% responding they generally trust businesses in the home and building maintenance category (National Consumer Survey)
- Building Control Officers required to have qualifications from 2013



# The Building System

## Overview

- Building code sets out how a completed building and its parts must perform
- Performance based regime (minimum requirements) – with multiple pathways
- 64 co-regulatory bodies in the system – with roles in assessing and monitoring building performance
- With over 5000 documents to support the Building Code – there is a level of complexity



# The Building System

## Recent Legislation and Initiatives

- New Regulations and Methodology for earthquake prone buildings (July 2017)
- Developed a comprehensive guidance for geotechnical engineers (MBIE + NZ Geotechnical Society)
- Developed an online information portal (*Building CodeHub*) – a search tool to assist proactive access of authentic information to help design/construct buildings to comply with code
- **Looking at:**
  - Limiting Local Government risk exposure (capping limits)
  - Mandatory home build warranties/guarantees
  - Official business history exposure to protect consumers





# Products

## Overview

- Growing global influences, and avoidance of compliance
- Boom cycle offers environment for non compliance
- 37% new housing components are prefabricated
  - Fail dwelling – prefabrication is gaining momentum as consumers seek quality and cost reductions
- Product Certification has lower than expected uptake (129 *CodeMark* Certifications)
- Bans / Warnings – use of these provisions under the Act have minimal – No pre-emptive bans have been issued and only one reactive ban



# Products

## Recent Legislation and Initiatives

- Product Assurance – A team has been established within MBIE to look at improvement areas
- Strengthened and Clarified testing requirements for mesh
- Release of Product Assurance guidance booklet



# Process

## Overview

- Productivity – Construction currently about 6% of GDP annually – A 10% productivity increase would lift GDP by 1%
- Consenting timeframes are geared towards 20 days – often extensions are a result of imperfect applications and RFI's (Requests for Information)
- Inspection failures have been increasing. In Auckland final inspection failures rose from 41% to 59% over the 2013 – 2015 period – multiple factors
- Building Consent Authorities (BCA's ) within local government councils are working more closely together (clustering)





# Process

## Recent Legislation and Initiatives

- Mandatory contract requirements for all work over \$30,000 from 2015
- New regulatory requirements protecting sub-contractors from retention money withholding (2017)
- Enhanced BCA performance requirements (2017)
- Looking at Risk Based Consenting to reduce compliance cost
- Drafted Legislation to provide clear powers for the Ministry (MBIE) to investigate building failures after an emergency



# Thankyou

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