

*NZ Construction Industry Council  
PO Box 12 013  
Wellington  
Phone 04 496 3275*

21 October 2002

The Secretary  
Government Administration Select Committee  
Parliament Buildings  
Wellington

Dear Sir/Madam

**SUBMISSION: Weathertightness of Buildings in New Zealand**

**Introduction**

1. The NZ Construction Industry Council makes the following submission. The Council is a coalition of 22 trade associations, professional institutes, training organisations and research organisations with an active and ongoing interest in the construction sector in New Zealand. We have been established to take a position on pan-industry and cross-sectoral issues affecting the construction industry in New Zealand.

**Request to Be Heard**

2. The Council wishes to be heard in support of this submission.

**Council Formation**

3. The Council has established itself in response to the need for the industry to demonstrate industry leadership in order to resolve the matters raised in the Report of the Overview Group on the Weather-tightness of Buildings. (The Hunn Report)
4. The Council has been in place for some 15 years as a loosely knit group in the form of the Construction Liaison Group. In that capacity we have been involved in developing a range of policy initiatives on behalf of the sector. These include a research strategy, a policy on the built environment, preparing submissions to the Construction Contracts Bill, and developing design and documentation guidelines for use by industry professionals.

**Industry Taskforce**

5. At the construction industry summit in Auckland on 11 October the Council proposed the formation of an industry led taskforce to work with government to provide practical solutions to the various recommendations in the Hunn Report, and the ideas arising from the summit.
6. At the time of preparing this submission we are in the process of developing a terms of reference for the Taskforce with the Building Industry Authority, and determining membership of the taskforce.

7. Whilst the details are to be resolved as to how the Taskforce will function, there is a need for the Taskforce to carefully consider what specific changes will be required to legislation, regulations and industry practices. The Taskforce proposes to project manage these matters to ensure the various groups affected have an appropriate level of involvement.
8. There is a need to ensure that the recommendations of this Taskforce are co-ordinated with the outcomes from this committee, and we offer the services of the Council to achieve that objective – should assistance be required.

### **Need For Industry Reform**

9. The existing situation with weather-tightness highlights the need for industry reform to provide a level of assurance to home-buyers that domestic housing is of the highest quality, and is fit for purpose. The various factors detailed below have some bearing on achieving such an outcome.

### **Economic Cycles**

10. The Council notes that one of the factors that may affect building quality is the cyclic nature of the construction industry. We submit that the pressures placed on the sector to variously provide for between 18-25,000 new units a year will inevitably affect the quality of construction. It is unreasonable to expect the industry to be able to recruit sufficient skilled labour to accommodate such a fluctuating housing market.
11. Anecdotal evidence suggests fluctuations in domestic interest rates have a strong bearing on the level of construction activity. A greater degree of rate stability may even out the demand for new domestic construction and provide a more stable environment for recruitment and retention of skilled staff.

### **Building Consent Applications**

12. The Council considers that it is desirable to require a greater degree of detail with building consent applications. However, we urge the committee to consider whether this should be restricted to just detailing associated with weather-tightness. It is likely that the construction process would benefit from a greater degree of certainty at the point of consent approval if the overall level of detail in documentation were improved.
13. In general, the Council can see benefits from a greater degree of commitment within the construction industry to improved design and documentation. To that end the Council recently released design and documentation guidelines for industry use to improve practice in this area.

### **Inspection Processes**

14. The Council considers that it may be prudent to consider a greater level of inspection for particular types of construction that pose a higher risk profile from leaking. This may include houses with flat roofs; no eaves or

those constructed with monolithic cladding. We note that this work must complement good design and construction practices.

15. The Council supports more detailed consideration of raising standards set in the Building Code. Too often the minimum standards set by the code have become the maximum. There is a need to ensure that if a decision is taken to move to a greater degree of prescription in the Code, that it do so in a manner that doesn't stifle design innovation.

#### Inspection Responsibility

16. In principle, the Council has no difficulty with the concept of independent building certifiers operating in competition with territorial Authorities. The issue is one of establishing an appropriate training regime, and inspection standards that all certifiers are required to meet. Independent audit and verification procedures need to be established to ensure that the standards set are adhered to.

#### Building Skills

17. The Council believes that there is a need to ensure a consistency of skill level within the sector. At present there is no requirement to demonstrate competency before practising as a builder or subcontractor in New Zealand. To that end we support the introduction of compulsory registration for building practitioners that has an established benchmark of trade qualifications, and an ongoing commitment to continued professional development.
18. Adopting a complementary system of industry wide accreditation that establishes the competency of practitioners in all sectors of the industry to undertake various levels of work scale and complexity – is also supported by the Council. There is a need for further debate over the extent of industry coverage into sub-trades for any system of registration and/or accreditation. Issue of who will undertake such audits and enforce such a system have yet to be debated.

#### Insolvency Law Reform

19. The Council supports the work being done by the Ministry of Economic Development on insolvency law. There is a need to ensure that the practice of companies avoiding responsibility to customers by closing down and starting under a new name is reviewed as a matter of urgency.

#### Role of Standards

20. The Council submits that there is a gap in the current funding of construction industry standards. Many existing standards are being withdrawn or Standards NZ is delaying their review due to a lack of funding. In many cases the only parties prepared to commit resources are those with a commercial interest in the outcome. There needs to be stronger commitment to the development and maintenance of construction industry standards by government.

21. The Council recommends that the committee examine the desirability of a portion of the Building Levy being dedicated to the ongoing development and review of industry specific standards.

Research

22. Whilst the industry does undertake a significant amount of privately funded research, there is a need for a stronger commitment by government to publicly funded built environment research. The Council has recently adopted a sector research strategy to assist with investment by FORST. We will be responding to a recent call by the Minister for Research Science and Technology to develop a new research strategy, by contributing an updated sector response.
23. This committee should recognise the importance of building and associated research in the public interest by recommending an increased emphasis for research funding in this area.

John Pfahlert  
Chairman  
NZ Construction Industry Council