



Department of
Building and Housing
Te Tari Kaupapa Whare

Statement of Intent 09/12



A building and housing market that delivers good quality homes and buildings for New Zealanders that contribute to strong communities and a prosperous economy.

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Minister's foreword

This Government is determined to be efficient, can-do, and practical, and we are committed to delivering frontline services that New Zealanders want. I can't think of a better sector in which to deliver on that commitment than the building, construction and housing sector.

Building and construction people are practical people working on practical things. They bring a can-do attitude to their work, and it is the Government's task to ensure that leads to economic activity, jobs and skill retention.

It is critical we drive down the regulatory costs associated with building, but not by compromising building quality. Unnecessary regulation that adds cost and delivers little benefit will be removed.

Government priorities for 2009 are to reduce regulatory and compliance costs through streamlining and simplifying the consenting process; to make builder licensing and building consent authority accreditation more efficient; and to give greater impetus to product certification. We also intend to focus more strongly on providing information to enable consumers and building and housing professionals to make well-informed decisions and to resolve issues themselves. Where necessary, we will support them to resolve disputes. Reviewing the liability framework for the building sector, and looking at Home Warranty Insurance, is a key part of this.

We want to develop an alternative approach to weathertightness that focuses more on getting properties repaired and fit for purpose again, rather than on attributing blame and litigation.

We aim to remove the barriers that are slowing urban development and affordable housing supply, particularly in Auckland. We want to see more effective use of the state rental housing asset and will be expecting high quality advice from the Department on the performance of Housing New Zealand Corporation.

These are our immediate priorities. More long term, we wish to see productivity and performance across the building and construction sector improve. We will be working with the sector to lift skills and training so that it can contribute more to New Zealand's economic performance and prosperity.

These priorities are set out in this Statement of Intent. We aim to be a practical government that delivers, and we have a practical programme that will assist the building and construction industry to deliver on behalf of all New Zealanders.



Hon Maurice Williamson

Minister for Building and Construction

Ministerial statement of responsibility

I am satisfied that the information on future operating intentions provided by my Department in this Statement of Intent and the Information Supporting the Estimates is in accordance with sections 38, 40 and 41 of the Public Finance Act 1989, and is consistent with the policies and performance expectations of the Government.



Hon Maurice Williamson

Responsible Minister for the Department of Building and Housing

30 April 2009

Chief Executive's overview

These are challenging times for the building and housing sector and for the Department, requiring new and smarter ways of working and delivering value for money.

Our primary outcome remains firmly in our sights – a building and housing market that delivers good quality homes and buildings for New Zealanders, and contributes to strong communities and a prosperous economy.

Since the Department was set up in November 2004, a lot of hard work has gone into setting up a robust and credible organisation. We have the people and systems in place to deliver in a changing environment.

This Statement of Intent sets out how we will work towards our primary outcome in four areas:

An efficient and effective regulatory framework

We are reviewing the Building Act 2004 to look at how it can be simplified and work better. We are also looking at streamlining and simplifying licensing and consenting.

A review of how weathertightness problems are resolved, with a greater emphasis on repairing homes, is under way.

A housing and building market that provides an accessible range of houses and buildings

A housing market that operates well opens the way for new approaches to building and housing supply and affordability. We aim to lead the research agenda for building science and design, and to build on our highly successful Starter Home Design Competition to encourage innovative and affordable design.

A well-performing sector with the capability and capacity to do a good job

Lifting skills and capability will go a long way to improving productivity and performance across the sector, and position it to take advantage of the economic recovery.

Together with the sector, we will develop a strategy to maintain and improve skill levels, including increasing the number of licensed building practitioners to promote a more competent workforce.

Well-informed participants in the building and housing market

If people have good and timely information, they are able to make better-informed decisions and conduct their business more effectively, resulting in fewer disputes. We will continue to provide advice and guidance; to provide effective dispute resolution services; and to manage bond lodgements, refunds and investments.

A building and housing market that operates well is in everybody's interests. The sector is critical to economic recovery and growth, and we are working hard to ensure we deliver value to the Government and to the sector.



Katrina Bach
Chief Executive

Chief Executive statement of responsibility

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Department of Building and Housing. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2009/10 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Katrina Bach
Chief Executive



Jim Brough
Chief Advisor Finance and Administration

Nature and scope of operations

OUR ROLE

The Department of Building and Housing was established in November 2004, bringing together building and housing sector policy and related regulatory functions, and dispute resolution services from across a range of government agencies.

The consolidation of the Government's building and housing related activities is to:

- ensure an effective and efficient regulatory system for the building and housing sector
- deliver good quality advice to the Government
- improve the cost-effectiveness and accessibility of services to the public.

OUR RESPONSIBILITIES

The Department has responsibility for:

- ensuring an effective and efficient regulatory environment for the building and housing sector, including the residential rental housing market, that ensures public safety
- providing policy advice on housing and building issues, including emerging trends and issues
- delivering timely, cost-effective and accessible information, advice and dispute resolution services to the building and housing market
- providing purchase and monitoring advice to the Government on Housing New Zealand Corporation
- administering the State Housing Appeals Authority
- managing occupational licensing within the building sector.

The Department works with Housing New Zealand Corporation in:

- meeting the Government's priorities for social housing and the housing market
- analysing the housing environment, including monitoring the supply, quality and affordability of housing
- ensuring effective use of state housing assets, appropriate return on the Government's investment in social housing and overall performance of the business
- working with other agencies to influence and promote delivering the Government's outcomes for the building and housing sector.

Strategic environment in which the Department operates

INTRODUCTION

The global economy is in its weakest period of growth since the Second World War and New Zealand is no exception. The general economy is contracting, with a substantial impact on the building and housing sector. Forecasts from the Reserve Bank, banks and other agencies for both the sector and the wider economy have become more pessimistic and are now not expecting recovery until the 2010-2011 year.

In the building and construction sector, the recent history and immediate outlook are challenging. The value and volume of all building work fell during the December 2008 quarter, and the downward trend is expected to continue through the March 2009 quarter and beyond. Business confidence in the sector remains low, according to the NZIER April 2009 Quarterly Survey of Business Opinion. It anticipates a worsening situation for the next six months in all aspects of the industry except costs. Access to development finance is severely constrained and, while mortgage interest rates have dropped, banks' lending criteria have been tightened and larger deposits are now required.

Unlike many other countries, New Zealand does not have an over supply of housing. This lowered level of building is expected to create future pressure in the housing market, with supply issues emerging over the next few years. The downturn in the sector also has flow-on consequences for sector employment. If, as is forecast, this continues beyond the near term, there is a risk that the sector will lack the necessary capacity and skill level to respond effectively to any upturn in the market that may occur in late 2009 or early 2010.

Lifting skills and enhancing productivity in the sector, simplifying and streamlining the regulatory framework, together with the additional stimulus provided by the Government building programme, will enable the sector to play an important role in the return to economic growth.

ECONOMIC FACTORS

- The construction sector contributes around 5 percent of GDP to the New Zealand economy, with productivity in the sector being the lowest of all industries measured.
- The value of building consents issued, an indicator of future building work, has been trending sharply downwards and is not projected to grow substantially in the near future.
- Building costs are continuing to rise, but more slowly as a result of the lower demand.

LABOUR MARKET

- About 8.1 percent of employed people in New Zealand work in the construction sector. Employment in construction has been falling since it peaked in the December 2006 quarter.
- Around 25 percent of construction workers hold no formal qualification and 28 percent high school qualifications only.
- The decline in construction activity will flow through into employment numbers, with some staff previously employed in residential construction being absorbed into non-residential construction, while others will be laid off. The decline may also lie behind the climbing net departure figures for those employed in construction and building-related trades in New Zealand.
- The sector faces a skill retention problem and, in the short to medium term, will struggle to respond to any upswing in demand from population growth and economic recovery.
- The sector's longer-term challenge is to improve overall productivity and skill levels to reduce the cost of delivering New Zealand's infrastructure needs and to increase the profitability of sector firms.

HOMEOWNERSHIP AND AFFORDABILITY

- Median house prices peaked in November 2007 but have since declined.
- Affordability has improved with declining house prices and lower mortgage interest rates.
- House sales remain low, in part because of stricter bank lending criteria and weaker buying demand due to lower net migration and a weakening labour market and economy.

TRENDS IN RENTAL HOUSING

- Rent increases have remained stable across all types of rental properties, and continue to show lower rates of growth than house prices since the December 2007 quarter.
- The percentage of households in rental housing has increased, and is expected to continue growing with private rentals projected to increase 40 percent by 2016.
- The rental market is expected to become more diverse, with an increasing number of households with children and older people expected to remain in rental housing for longer periods.

FUTURE HOUSING NEED

- New Zealand's population is projected to grow from 4.29 million in December 2008 to 5 million in the late 2020s.
- This population growth is expected to put pressure on housing, especially in Auckland and other major cities as the percentage of New Zealand's population living in urban centres is expected to increase.

Strategic direction

OVERVIEW OF HOW THE DEPARTMENT CONTRIBUTES TO THE GOVERNMENT'S STRATEGIC DIRECTION

Growing the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders

The Government is working towards growing the New Zealand economy in order to deliver greater prosperity, security and opportunities to all New Zealanders. The building and housing sector is a key part of the economy and is critical to economic recovery and growth. The building and construction sector contributes to around 5 percent of GDP, and in November 2008 it employed approximately 176,000 New Zealanders. Housing is a key component of the infrastructure needed to support the successful growth of Auckland and New Zealand's other growing cities.

Combined housing costs absorb around 23 percent of household income. They are also the main part of both household assets and debts, and have significant implications for employment, labour mobility and consumption levels through wealth and multiplier effects. The sector influences a wide range of occupations, from builders and local authorities to real estate agents, property investors and mortgage providers. All New Zealanders are affected by the quality, affordability and supply of residential and commercial buildings. They are also affected by the contribution these make to successful communities, towns and cities.

The Government's involvement in the housing sector is changing and recognises the impact building and housing has on economic, social and environmental outcomes. Building and housing are a core infrastructure component to support wider economic and social objectives. The Department is taking a lead role in providing advice that takes a broader cross-sector view of these issues. It is grounded in strong sector relationships and working with Housing New Zealand Corporation and other agencies on the broader policy objectives for housing.

The Department's role in delivering an effective regulatory regime for the building and housing sector, and its provision of policy advice, is important to enabling the sector to perform well. A productive, well-performing building and construction sector will be an important factor in growing New Zealand's economy, as what happens in the building and construction sector has a 'multiplier effect' on the wider economy. The level of activity and the productivity of the sector will be an important contributor to New Zealand's economic recovery and growth.

THE GOVERNMENT'S PRIORITIES FOR THE BUILDING AND HOUSING SECTOR

The Government's medium-term priorities for the building and housing sector set the strategic context for the Department's operations:

- to ensure ongoing confidence and investment in the building and construction sector as this is critical in terms of economic activity, jobs and skill retention
- to drive down the regulatory costs associated with building without compromising building quality and to remove unnecessary regulation that adds cost and delivers little benefit
- to get better results from the Government's investment in resolving weathertightness issues
- to support and encourage improved productivity across the building and construction sector
- to improve the way liability works in relation to building work
- to ensure ongoing confidence and investment in the housing sector as this is critical in terms of economic activity, jobs and skill retention
- to maintain the supply of housing at a reasonable level to ensure New Zealanders' housing needs are met and major supply issues do not start to emerge in the short to medium term
- to see more effective management of the state housing asset and better use of the social housing stock.

The Government's specific priorities for 2009 are as follows.

- Reducing regulatory and compliance costs through:
 - streamlining and simplifying the consenting process and reducing overall costs of building controls
 - better efficiency and effectiveness and delivery of results from building sector reforms in relation to builder licensing, building consenting authority accreditation and product certification
 - removing unnecessary building control regulation, and increasing the focus on information and education
 - investigating the potential for an online national consenting system.
- Reviewing the liability framework for the building sector and considering the possible use of Home Warranty Insurance.
- Developing an alternative approach to weathertightness with greater emphasis on getting homes fixed ie, more effective approach to resolving claims.
- Increasing innovation in the housing market, including regulatory and non-regulatory initiatives designed to increase the supply of affordable housing and broaden the range of options for consumers.
- Removing barriers and supporting options to enhance the supply of affordable housing and better urban development, particularly in Auckland. This will contribute to and support the Government's infrastructure investment in the housing sector.

- More efficient use of state housing assets by better management of stock and better use of assets.
- Upgrading current Housing New Zealand Corporation stock and the construction of new housing.

THE DEPARTMENT'S CONTRIBUTION

The Government's priorities for the sector will be achieved by:

- simplifying regulation of building and construction
- simplifying regulation of building and housing standards and systems
- continuing to ensure public safety and good quality buildings that perform in the New Zealand environment
- lifting consumer awareness and supporting well-informed consumers to participate with increased confidence in the housing and building market
- providing information and services to support dispute resolution
- providing policy advice on a range of options and approaches to increase housing supply and improve affordability
- conducting research and evaluation, and providing technical advice on building designs, systems and trends
- improving monitoring and advice to Ministers on the performance of Housing New Zealand Corporation and its delivery of social housing objectives.

In giving effect to our regulatory functions it is important that the right balance is struck between costs, benefits and performance to ensure building failures such as leaky homes are not repeated.

The Department's policy advice, regulatory, information and dispute resolution functions are focused on addressing the significant issues facing the building and housing sector and delivering on the Government's priorities for it.

The Department has an important leadership role to play in working with the building and housing sector to lift standards and performance. It must also look ahead and consider how buildings and the built environment can better meet New Zealanders' needs now, and in the future, and how best to respond to changing economic circumstances and social needs.

The following outcome framework shows how the Department's deliverables and strategies link to the overall outcome for New Zealanders, the sector outcomes, and the Government's priorities, together with measures of progress towards achieving these.

The Department is also committed to providing value for money to the Government, sector stakeholders and consumers. An ongoing Value for Money Programme has been implemented to identify cost savings and ways of working smarter to ensure effective use of resources and delivery of services.

We are also confronting a significant drop in third-party revenue from levies, fees and interest income that is requiring careful consideration of priorities and expenditure.

OUTCOME FRAMEWORK FOR THE DEPARTMENT OF BUILDING AND HOUSING

Government goal	To grow the New Zealand economy in order	
Outcome for New Zealand	A building and housing market that delivers good quality homes	
Medium-term outcomes	1 A business-enabling regulatory environment for building and housing that is efficient and effective, ensures public safety and delivers good quality homes and buildings that perform well in the New Zealand environment	2 An enhanced housing and building market that provides an accessible range of houses and buildings that meet New Zealanders' economic and social needs
Why we are going to do this	The current regulatory environment can be streamlined and made more effective through the removal of barriers to business, and by providing more targeted and consumer-accessible information. Clear and appropriate standards supported by a streamlined, cost-effective regulatory environment will help remove barriers and enable businesses to build good quality homes and buildings	The building and housing market will perform more effectively if there is access to adequate quality and timely information to inform decision-making. The market will also perform more effectively if supported by effective policies and regulations that enable a wide range of housing choices for consumers that meet their needs
How we are going to do this	We will work with the sector, stakeholders and consumers in the design and implementation of a streamlined, cost-effective regulatory environment to ensure good quality homes and buildings and public safety	We will lead development of the research agenda for building science and design for New Zealand We will lead the development of innovative policy and approaches to housing and building supply and affordability for the New Zealand environment
	We will design, develop and deliver excellent,	
	We will continue to build the capability to lead and manage a cost-effective and high	
What are we going to do	<p>Complete the review of the Building Act 2004 and the regulatory reform process</p> <p>Review the approach to resolving weathertight claims so that it is more cost-effective and better focused on repair of properties</p> <p>Review and update the Building Code and Standards to ensure they are appropriate and can be cost-effectively applied, are accessible and clear, and more integrated</p> <p>Provide information, guidance and advice to the sector to support effective performance</p> <p>Monitor and report on the performance of the statutory building control functions of councils to ensure they are cost-effective and enable business investment and activity, and deliver value to customers</p> <p>Review the way that liability is distributed in relation to building work</p>	<p>Provide performance monitoring and investment advice about Housing New Zealand Corporation to the Minister to enable quality decision-making</p> <p>Monitor and evaluate sector trends and performance, and publish high quality, timely information on them to enable participants in the sector to make informed decisions</p> <p>Provide policy advice on building and housing issues and on housing supply options, including advice on Auckland issues and urban intensification, to ensure issues are effectively addressed</p> <p>Provide policy advice on the Residential Tenancies Amendment Bill and the Unit Titles Bill to ensure Ministers have the necessary support to take legislation through the Parliamentary process</p> <p>Provide information, advice and guidance that supports consumers and the sector</p>
How will we measure this	<p>Amendments to the Building Act 2004 to provide a more simplified and streamlined approach to building regulation by the end of 2010</p> <p>A reduction in the number of buildings requiring consents by the end of 2010</p> <p>A 5% reduction in the number of determinations under the Building Act 2004 from 135 (the average for 2005 to 2008) to 128 by 2012</p> <p>A reduction in the time to obtain building consents with the aim of 100% of consents processed within the statutory timeframes by 2012 (increased from 83.4% in the quarter ending 28 February 2009)</p>	<p>A high level of Ministerial satisfaction with departmental policy advice</p> <p>A high level of Ministerial satisfaction with monitoring and investment advice on Housing New Zealand Corporation</p>

to deliver greater prosperity, security and opportunities to all New Zealanders

and buildings for New Zealanders that contribute to strong communities and a prosperous economy

<p>3 A well performing, professional building and housing sector that has the capability and capacity to do a good job</p>	<p>4 Participants in the building and housing market are well informed, can transact with confidence and are supported to resolve their disputes</p>
<p>The building and construction sector is a major component of the economy. Increasing sector productivity and performance will contribute to greater prosperity and better value delivered to homeowners and building owners. Working with the sector to lift skills, and to build capability and capacity to do a good job, will lift productivity. This in turn will assist the delivery of good quality homes and buildings that contribute to strong communities and a prosperous New Zealand economy</p>	<p>In order to make well-informed decisions and to resolve disputes, people need reliable and timely information and access to appropriate services. Efficient, effective and timely services support the resolution of disputes and will reduce their overall number. This enables the housing and building market to work more effectively and deliver better value to customers</p>
<p>We will work with the sector and education providers to lift skills and productivity in the building and construction sector so that participants do a good job</p>	<p>We will work to raise consumer knowledge and awareness through the supply of targeted advice, accessible information and dispute resolution services so consumers can transact with confidence in the building and housing market</p>

integrated, cost-effective and accessible services that are valued by New Zealanders

performing organisation through ongoing development and implementation of our Organisation Development Plan

<p>Work with other agencies and the sector to develop and implement a building and construction sector skills strategy</p> <p>Further refine and develop the licensing system for building practitioners to ensure it delivers benefits at least cost</p> <p>Carry out the licensing and auditing of electrical workers and building practitioners</p> <p>Develop options to use technology to enhance the consenting system in order to support the streamlining and efficient operation of the building consent process</p> <p>Develop an integrated licensing system to deliver more cost-effective services to fee payers</p>	<p>Develop a broader suite of service options to deliver better value and improved access to customers</p> <p>Reduce operating costs</p> <p>Provide targeted information and advice to support decision-making</p> <p>Manage bond lodgements, refunds and investment</p> <p>Provide efficient, effective and timely dispute resolution services</p> <p>Carry out statutory functions under the Residential Tenancies Act 1986, Weathertight Homes Resolution Services Act 2006, Unit Titles Act 1972 and Retirement Villages Act 2003</p>
<p>Reduce the number of sector-related occupations identified as having:</p> <ul style="list-style-type: none"> • 'extreme' shortage from 14 building and construction groups in 2007 to 7 in 2012 • 'severe' shortage from 10 building and construction groups in 2007 to 5 in 2012, as measured by the Department of Labour (Skill Shortages: Occupations in Shortage in New Zealand surveys) <p>Reduce the proportion of building firms identifying labour as the main constraint to growth from 5% (December 2008 quarter in the NZIER Quarterly Survey of Business Opinion) to 3% in 2012</p> <p>Increase the number of licensed building practitioners from 534 on 1 April 2009 to 20,000 by 2012</p>	<p>85% of stand-alone weathertight claimants able to close, commence to repair, or resolve their dispute within 12 months of lodging a WHRS claim, with a 1% improvement annually to 2012</p> <p>100% of Body Corporate representatives are able to resolve their WHRS dispute within their agreed targeted timeframe, and this is maintained to 2012</p> <p>Reduce the numbers of landlords and tenants who have been involved in at least one tenancy-related problem over the preceding three years. Reduction by 2012 to:</p> <ul style="list-style-type: none"> • less than 35% for landlords • less than 15% for tenants <p>An annual increase of 5% in the proportion of applications for dispute resolution resolved by mediation out of court, from the audited actual for 2008/09 to 2012</p>

ACHIEVING OUR OUTCOMES

All our activities seek to contribute to the overall outcome for New Zealand:

A building and housing market that delivers good quality homes and buildings for New Zealanders that contribute to strong communities and a prosperous economy

We have identified four medium-term outcomes required to achieve the overall outcome for New Zealand. These are:

1. A business-enabling regulatory environment for building and housing that is efficient and effective, ensures public safety and delivers good quality homes and buildings that perform well in the New Zealand environment.
2. An enhanced housing and building market that provides an accessible range of houses and buildings that meet New Zealanders' economic and social needs.
3. A well performing, professional building and housing sector that has the capability and capacity to do a good job.
4. Participants in the building and housing market are well informed, can transact with confidence and are supported to resolve their disputes.

Our contribution to these outcomes is directed through our operating intentions included in the following pages. The Department's strategies set out how we will contribute to achieving the medium-term outcomes, including working closely with other government and non-government bodies, local government, industry stakeholders and consumers.

The Department's strategies are as follows.

- We will work with the sector, stakeholders and consumers in the design and implementation of a streamlined, cost-effective regulatory environment to ensure good quality homes and buildings and public safety.
- We will lead the development of the research agenda for building science and design for New Zealand.
- We will lead the development of innovative policy and approaches to housing and building supply and affordability for the New Zealand environment.
- We will work with the sector and education providers to lift skills and productivity in the building and construction sector so that participants do a good job.
- We will work to raise consumer knowledge and awareness through the supply of targeted advice, accessible information and dispute resolution services so consumers can transact with confidence in the building and housing market.

We will design, develop and deliver excellent, integrated, cost-effective and accessible services that are valued by New Zealanders.

We will continue to build the capability to lead and manage a cost-effective and high performing organisation through ongoing development and implementation of our Organisation Development Plan.

OUR OPERATING INTENTIONS

What are we seeking to achieve?

Medium-term outcome 1

A business-enabling regulatory environment for building and housing that is efficient and effective, ensures public safety and delivers good quality homes and buildings that perform well in the New Zealand environment

Why are we going to do this?

The current regulatory environment can be streamlined and made more effective through the removal of barriers to business, and by providing more targeted and consumer-accessible information. Clear and appropriate standards supported by a streamlined, cost-effective regulatory environment will help remove barriers and enable businesses to build good quality homes and buildings.

What are the Government's priorities?

- To ensure ongoing confidence and investment in the building and construction sector, as this is critical in terms of economic activity, jobs and skill retention
- To drive down the regulatory costs associated with building without compromising building quality, and to remove unnecessary regulation that adds cost and delivers little benefit
- To get better results from the Government's investment in resolving weathertightness issues
- To improve the way liability works in relation to building work

What is our framework?

- Building Act 2004: building consent authority scheme, building consents, product certification scheme, Department of Building and Housing's statutory functions
- Building Code
- Building Consent Authority Regulations
- Chief Executive Advisory Panel
- Electricity Act 2006 and Regulations
- Licensed building practitioner related rules and regulations

Who we work with

We work collaboratively with our stakeholders to improve building design, and achieve implementation of regulatory reforms and effective delivery of our other services to the building sector.

Our stakeholders include:

- councils
- IANZ (building consent authority accreditation body)
- JAS-ANZ (product certification accreditation body) and Australian Building Codes Board
- building professionals, building product manufacturers and suppliers
- consumers – building professionals, homeowners, building managers
- Standards New Zealand, IRRC (International Regulatory Group)
- government agencies, BRANZ, Victoria University

How we are going to do this

We will work with the sector, stakeholders and consumers in the design and implementation of a streamlined, cost-effective regulatory environment to ensure good quality homes and buildings and public safety

What are we going to do?

- Complete the review of the Building Act 2004 and the regulatory reform process
- Review the approach to resolving weathertight claims so that it is more cost-effective and better focused on repair of properties
- Review and update the Building Code and Standards to ensure they are appropriate and can be cost-effectively applied, are accessible and clear, and more integrated
- Provide information, guidance and advice to the sector to support effective performance
- Monitor and report on the performance of the statutory building control functions of councils to ensure they are cost-effective and enable business investment and activity, and deliver value to customers
- Review the way that liability is distributed in relation to building work

How we will measure this

Amendments to the Building Act 2004 to provide a more simplified and streamlined approach to building regulation by the end of 2010

A reduction in the number of buildings requiring consents by the end of 2010

A 5% reduction in the number of determinations under the Building Act 2004 from 135 (the average for 2005 to 2008) to 128 by 2012

A reduction in the time to obtain building consents with the aim of 100% of consents processed within the statutory timeframes by 2012 (increased from 83.4% in the quarter ending 28 February 2009)

OUR OPERATING INTENTIONS (CONTINUED)

What are we seeking to achieve?

Medium-term outcome 2

An enhanced housing and building market that provides an accessible range of houses and buildings that meet New Zealanders' economic and social needs

Why are we going to do this?

The building and housing market will perform more effectively if there is access to adequate quality and timely information to inform decision-making. The market will also perform more effectively if supported by effective policies and regulations that enable a wide range of housing choices for consumers that meet their needs

What are the Government's priorities?

- To ensure ongoing confidence and investment in the housing sector, as this is critical in terms of economic activity, jobs and skill retention
- To maintain the supply of housing at a reasonable level to ensure New Zealanders' housing needs are met and major supply issues do not start to emerge in the short to medium term
- To see more effective management of the state housing asset and better use of the social housing stock

What is our framework?

- Building Act 2004
- Building Code
- Chairing the Housing Supply and Urban Development Co-ordination Group
- Government decisions on the Royal Commission on Auckland
- Local Government Act 2002
- New Zealand Energy Efficiency Conservation Strategy
- New Zealand Disability Strategy, and Strategy for Older People
- New Zealand Housing Strategy
- Resource Management Act 1991
- Urban Taskforce

Who we work with

We work collaboratively with our stakeholders to improve building design, and achieve implementation of regulatory reforms and effective delivery of our other services to the building sector.

Our stakeholders include:

- central government agencies
- industry representatives and sector bodies
- BRANZ
- architects, building designers
- councils – on land availability, district planning and residential zoning
- Standards New Zealand

How we are going to do this

We will lead development of the research agenda for building science and design for New Zealand

We will lead the development of innovative policy and approaches to housing and building supply and affordability for the New Zealand environment

What are we going to do?

- Provide performance monitoring and investment advice about Housing New Zealand Corporation to the Minister to enable quality decision-making
- Monitor and evaluate sector trends and performance, and publish high quality, timely information on them to enable participants in the sector to make informed decisions
- Provide policy advice on building and housing issues and on housing supply options, including advice on Auckland issues and urban intensification, to ensure issues are effectively addressed
- Provide policy advice on the Residential Tenancies Amendment Bill and the Unit Titles Bill to ensure Ministers have the necessary support to take legislation through the Parliamentary process
- Provide information, advice and guidance that supports consumers and the sector

How we will measure this

A high level of Ministerial satisfaction with departmental policy advice

A high level of Ministerial satisfaction with monitoring and investment advice on Housing New Zealand Corporation

OUR OPERATING INTENTIONS (CONTINUED)

What are we seeking to achieve?

Medium-term outcome 3

A well performing, professional building and housing sector that has the capability and capacity to do a good job

Why are we going to do this?

The building and construction sector is a major component of the economy. Increasing sector productivity and performance will contribute to greater prosperity and better value delivered to homeowners and building owners. Working with the sector to lift skills, and to build capability and capacity to do a good job, will lift productivity. This in turn will assist the delivery of good quality homes and buildings that contribute to strong communities and a prosperous New Zealand economy.

What are the Government's priorities?

- To ensure ongoing confidence and investment in the building and construction sector, as this is critical in terms of economic activity, jobs and skill retention
- To support and encourage improved productivity across the building and construction sector

What is our framework?

- Building Act 2004: accreditation of councils' building control staff, licensing of building practitioners, administrative support and monitoring of the Building Practitioners Board, Electrical Workers Registration Board, and the Plumbers, Drainlayers and Gasfitters Board
- Electricity Act 2006 and Regulations
- Productivity Taskforce

Who we work with

Our success depends on our ability to deliver value-adding services that take account of, and meet the interests and needs of, our primary stakeholders: the Minister for Building and Construction, licensing boards, and local government regulators, together with practitioners involved in licensing and the building sector as a whole.

Our stakeholders include:

- sector workers, industry groups and associations including Master Builders, Certified Builders, Building Officials Institute, NZ Society on Large Dams, Institution of Professional Engineers, Design Association, and Architectural Designers
- accreditation bodies and licensing boards, and training providers including industry training organisations and the Tertiary Education Commission
- public/consumer groups
- central and local government and government agencies
- others in the building and housing industry such as manufacturers, wholesalers, importers, employers, suppliers and retailers

How we are going to do this

We will work with the sector and education providers to lift skills and productivity in the building and construction sector so that participants do a good job

What are we going to do?

- Work with other agencies and the sector to develop and implement a building and construction sector skills strategy
- Further refine and develop the licensing system for building practitioners to ensure it delivers benefits at least cost
- Carry out the licensing and auditing of electrical workers and building practitioners
- Develop options to use technology to enhance the consenting system in order to support the streamlining and efficient operation of the building consent process
- Develop an integrated licensing system to deliver more cost-effective services to fee payers

How we will measure this

Reduce the number of sector-related occupations identified as having:

- 'extreme' shortage from 14 building and construction groups in 2007 to 7 in 2012
- 'severe' shortage from 10 building and construction groups in 2007 to 5 in 2012, as measured by the Department of Labour (Skill Shortages: Occupations in Shortage in New Zealand surveys)

Reduce the proportion of building firms identifying labour as the main constraint to growth from 5% (December 2008 quarter in the NZIER Quarterly Survey of Business Opinion) to 3% in 2012

Increase the number of licensed building practitioners from 534 on 1 April 2009 to 20,000 by 2012

OUR OPERATING INTENTIONS (CONTINUED)

What are we seeking to achieve?

Medium-term outcome 4

Participants in the building and housing market are well informed, can transact with confidence and are supported to resolve their disputes

Why are we going to do this?

In order to make well-informed decisions and to resolve disputes, people need reliable and timely information and access to appropriate services. Efficient, effective and timely services support the resolution of disputes and will reduce their overall number. This enables the housing and building market to work more effectively and deliver better value to customers

What are the Government's priorities?

- To get better results from the Government's investment in resolving weathertightness issues
- To ensure ongoing confidence and investment in the housing sector, as this is critical in terms of economic activity, jobs and skill retention

What is our framework?

- Residential Tenancies Act 1986 – information and guidance, mediation services, Tenancy Tribunal
- Retirement Villages Act 2003 – information and guidance, Code of Practice, Retirement Commissioner dispute resolution
- Unit Titles Act 1972
- Weathertight Homes Resolution Services Act 2006 – assessment of claims, mediation on behalf of the Weathertight Homes Tribunal
- Housing Corporation Act 1974
- Memoranda of Understanding with Housing New Zealand Corporation, Ministry of Justice, and Ministry of Economic Development

Who we work with

The delivery of tenancy, unit title and weathertight dispute resolution services is shared with the Ministry of Justice. We work closely with them to ensure a seamless service is delivered to the client. We also work with and through a wide range of stakeholders including:

- landlords and tenants
- retirement village operators and residents
- unit title owners and bodies corporate
- homeowners
- building and housing professionals
- Housing New Zealand Corporation, State Housing Appeals Authority
- Retirement Commissioner
- councils

How we are going to do this

We will work to raise consumer knowledge and awareness through the supply of targeted advice, accessible information and dispute resolution services so consumers can transact with confidence in the building and housing market

What are we going to do?

- Develop a broader suite of service options to deliver better value and improved access to customers
- Reduce operating costs
- Provide targeted information and advice to support decision-making
- Manage bond lodgements, refunds and investment
- Provide efficient, effective and timely dispute resolution services
- Carry out statutory functions under the Residential Tenancies Act 1986, Weathertight Homes Resolution Services Act 2006, Unit Titles Act 1972 and Retirement Villages Act 2003

How we will measure this

85% of stand-alone weathertight claimants able to close, commence to repair, or resolve their dispute within 12 months of lodging a WHRS claim, with a 1% improvement annually to 2012

100% of Body Corporate representatives are able to resolve their WHRS dispute within their agreed targeted timeframe, and this is maintained to 2012

Reduce the numbers of landlords and tenants who have been involved in at least one tenancy-related problem over the preceding three years. Reduction by 2012 to:

- less than 35% for landlords
- less than 15% for tenants

An annual increase of 5% in the proportion of applications for dispute resolution resolved by mediation out of court, from the audited actual for 2008/09 to 2012

LINKING DELIVERABLES TO APPROPRIATIONS AND OUTPUTS

<p>What are we going to do</p> <p>Complete the review of the Building Act 2004 and the regulatory reform process</p> <p>Review the approach to resolving weathertight claims so that it is more cost-effective and better focused on repair of properties</p> <p>Review and update the Building Code and Standards to ensure they are appropriate and can be cost-effectively applied, are accessible and clear, and more integrated</p> <p>Provide information, guidance and advice to the sector to support effective performance</p> <p>Monitor and report on the performance of the statutory building control functions of councils to ensure they are cost-effective and enable business investment and activity, and deliver value to customers</p> <p>Review the way that liability is distributed in relation to building work</p>	<p>What are we going to do</p> <p>Work with other agencies and the sector to develop and implement a building and construction sector skills strategy</p> <p>Further refine and develop the licensing system for building practitioners to ensure it delivers benefits at least cost</p> <p>Carry out the licensing and auditing of electrical workers and building practitioners</p> <p>Develop options to use technology to enhance the consenting system in order to support the streamlining and efficient operation of the building consent process</p> <p>Develop an integrated licensing system to deliver more cost-effective services to fee payers</p>	
<p>Building Regulation and Control Appropriation</p>	<p>Occupational Licensing Appropriation</p>	<p>Sector and Regulatory Policy Appropriation</p>
<p>This appropriation is limited to activities associated with the setting of performance standards for buildings and the design and delivery of regulatory schemes and other initiatives to help ensure those standards are met</p>	<p>This appropriation is limited to the development, implementation and maintenance of the registration and licensing regimes for building practitioners and electrical workers</p>	<p>This appropriation is limited to the provision of policy advice on the adequacy, efficiency and effectiveness of the building and housing sector in New Zealand; advice on the regulatory framework for the sector; monitoring, analysing and providing information on the sector; and evaluating the effectiveness of the sector and statutory boards</p>
<p>Outputs for 2009/10</p> <ul style="list-style-type: none"> • Develop better information and education on the Building Code • Provide support to councils to work smarter using technology • Investigate potential for an online consenting system • Provide information for consumers to make better informed decisions about building and about choosing products • Undertake research to support standards development and industry needs • Develop more accessible, clearer and integrated building standards • Increase sector productivity, capability and skills through the implementation of agreed decisions arising from the Productivity Taskforce • Undertake a sector-wide research strategy 	<p>Outputs for 2009/10</p> <ul style="list-style-type: none"> • Undertake work on regulatory reform process, including simplifying building licensing rules • Implement the Electrical Workers Registration System 	<p>Outputs for 2009/10</p> <ul style="list-style-type: none"> • Provide advice to Ministers on liability and accountability in the building sector and Home Warranty Insurance • Provide advice to Ministers on housing supply and expanding the range of available housing options • Deliver on output from the Urban Intensification Taskforce • Undertake work to complete the reform of the Building Act 2004 with changes to effect streamlining of processes • Undertake work to develop an alternative approach to weathertightness issues • Provide support to Ministers for the passage of the Unit Titles Amendment Bill and the Residential Tenancies Amendment Bill through the House

What are we going to do

Provide performance monitoring and investment advice about Housing New Zealand Corporation to the Minister to enable quality decision-making

Monitor and evaluate sector trends and performance, and publish high quality, timely information on them to enable participants in the sector to make informed decisions

Provide policy advice on building and housing issues and on housing supply options, including advice on Auckland issues and urban intensification, to ensure issues are effectively addressed

Provide policy advice on the Residential Tenancies Amendment Bill and the Unit Titles Bill to ensure Ministers have the necessary support to take legislation through the Parliamentary process

Provide information, advice and guidance that supports consumers and the sector

What are we going to do

Develop a broader suite of service options to deliver better value and improved access to customers

Reduce operating costs

Provide targeted information and advice to support decision-making

Manage bond lodgements, refunds and investment

Provide efficient, effective and timely dispute resolution services

Carry out statutory functions under the Residential Tenancies Act 1986, Weathertight Homes Resolution Services Act 2006, Unit Titles Act 1972 and Retirement Villages Act 2003

Performance Monitoring and Advice – Housing New Zealand Corporation Appropriation

This appropriation is limited to the provision of advice to Ministers arising from the monitoring of Housing New Zealand Corporation's current and expected performance

Residential Tenancy and Unit Title Services Appropriation

This appropriation is limited to the provision of residential tenancy and unit title dispute resolution services, information, education, and advice; administration and investment of residential tenancy bond monies; provision of administrative support to the State Housing Appeals Authority

Weathertight Homes Resolution Service Appropriation

This appropriation is limited to assessing the eligibility of weathertight homes claims; independent technical assessment of claims; claim management until resolution and the provision of dispute resolution services

Outputs for 2009/10

- Provide performance monitoring advice and services to Ministers, including on Housing New Zealand Corporation's (HNZC) Statement of Intent and accountability agreement with Ministers
- Provide monitoring advice and services to Ministers on HNZC's Value for Money Programme and its delivery
- Provide advice to Ministers on HNZC's asset performance (housing stock)
- Review the appropriation structure and associated performance measures relating to HNZC

Outputs for 2009/10

- Review our service delivery operating model and implement any necessary changes to reduce costs, and support timely, cost-effective and accessible services
- Provide targeted information and advice for landlords and tenants
- Provide bond management services
- Provide cost-effective and efficient dispute resolution services
- Provide administrative support to the State Housing Appeals Authority
- Implement the Unit Titles Bill and the Residential Tenancies Amendment Bill once passed

Outputs for 2009/10

- Provide targeted information and advice on weathertight issues
- Provide dispute resolution services
- Provide technical assessment of claims
- Implement changes from the review of the approach to addressing weathertightness issues

HOW WE INTEND TO MEASURE PROGRESS

The Department's Outcome Framework and the Operating Intentions (on pages 12 to 19) set out the changes we expect to see from the Department's interventions and outputs.

Cost-effectiveness of interventions the Department delivers or administers

The Department is focusing on the cost-effectiveness of its interventions at three levels:

- our own service delivery systems and processes, and how efficiently we deliver those services
- measuring the cost-effectiveness of the individual interventions we administer
- overall building and residential tenancy regulatory systems, including the interconnections between the various interventions.

We have undertaken, or have started, the following activities to enable the Department to measure cost-effectiveness:

- building consent authority accreditation – a review of the implementation of phase 1 to identify:
 - successes to carry forward to phases 2 and 3 of accreditation
 - opportunities for scheme improvement
 - lessons and opportunities for key stakeholders and other government departments undertaking similar accreditation programmes
- a review of our service delivery operating model and any subsequent changes to reduce costs and support timely, cost-effective and accessible services
- structured evaluation and monitoring of major reforms to refine and address issues related to cost-effectiveness.

Outcomes and output measurement

The Department has developed measures for the medium-term outcomes for 1 July 2009 onwards. Additionally, the Department has revised the output measures included in the Information Supporting the Estimates for Vote Housing.

Ministerial satisfaction

The Department will measure Ministerial satisfaction through structured conversations with the Minister responsible for the Department and the Minister of Housing to establish satisfaction with the quality of policy advice; in addition, with the Minister of Housing on the quality of our monitoring advice on Housing New Zealand Corporation's performance. These will be used to inform improvements to our performance.

Managing in a changeable environment

OUR RISK RESPONSE

Risk management is a key component of our Planning, Performance and Assurance System. Effective risk management supports the Chief Executive and Strategic Leadership Team to execute their governance responsibilities. It also helps to strengthen the Department’s management practices in a manner demonstrable to external stakeholders.

The risk management component includes our risk management policy and a standardised approach to identify, measure, treat and report on key risks. The approach is designed to ensure we identify and effectively manage the key risks that may impact on our ability to achieve our operating intentions. Branch business plans include an outline of the risks that have the potential to impact on service delivery.

Our capability to effectively identify and manage risks is enhanced through our leadership development programme and applying the Department’s Charter which defines how we look to perform as an organisation.

The following table describes a number of risks to the achievement of our outcomes.

MEDIUM-TERM OUTCOME	RISKS	RESPONSE
A business-enabling regulatory environment for building and housing that is efficient and effective, ensures public safety and delivers good quality homes and buildings that perform well in the New Zealand environment	<p>Regulatory framework changes: Action to simplify and refine the regulatory framework could compromise building quality leading to building failure</p> <p>Associated legislation: Other legislation (eg, the Resource Management Act and Local Government Act) for which the Department does not have a direct role may not be aligned with changes to the building and housing regulatory framework. This would limit the ability to achieve the desired improvements in sector activity and productivity</p>	<p>We will work to ensure that, in simplifying and streamlining standards and systems, the right balance is struck between cost/benefit and responding appropriately to risks</p> <p>We will work with other agencies and stakeholders and participate in inter-departmental initiatives to ensure a collaborative and ‘system’ approach to building sector reforms</p> <p>We will contribute actively to work under way on the Resource Management Act and Local Government Act</p> <p>We chair an inter-agency group which provides coordination and oversight of work impacting on housing and urban development</p>

MEDIUM-TERM OUTCOME	RISKS	RESPONSE
<p>An enhanced housing and building market that provides an accessible range of houses and buildings that meet New Zealanders' economic and social needs</p>	<p>Advice to Ministers: Departmental advice may not be sufficiently well tested, or the costs/benefits and impacts not clearly identified. This would limit the ability of Ministers to make quality decisions that take account of broader impacts</p>	<p>The Department has in place a robust quality assurance process to develop policy advice</p> <p>We engage actively with stakeholders throughout the policy development process, and test advice to ensure its practicality and effectiveness before advising Ministers</p> <p>We consider and test the costs, benefits and impacts of all options, and include regulatory impact assessment in policy development and advice</p>
<p>A well performing, professional building and housing sector that has the capability and capacity to do a good job</p>	<p>Building and construction sector skills: If the level of training and skills in the sector remains low, and/or skills are lost, then the sector's capacity to respond once demand increases will be reduced. This would contribute to delaying an economic recovery, inhibit housing supply and increase the cost of new building and housing</p>	<p>Solving this issue is not for industry or government alone, but requires a partnership approach. We will work with the education sector, other agencies and the sector to develop and implement a building and construction sector skills strategy based on the recommendations of the Sector Taskforce on Productivity</p> <p>This will complement the New Zealand Skills Strategy launched in 2008, which is a joint initiative between Business New Zealand, the Industry Training Federation, the New Zealand Council of Trade Unions and government</p> <p>Licensing of building practitioners – recognising and promoting professional skills and behaviour – is another important contributor to sector skills development. We will develop and implement the occupational licensing system for building practitioners</p> <p>Identify options for maintaining capacity and skills in the building and housing sector to minimise the loss of skills, and reduce the potential for future price volatility resulting from labour market shortages</p>

MEDIUM-TERM OUTCOME	RISKS	RESPONSE
<p>Participants in the building and housing market are well informed, can transact with confidence and are supported to resolve their disputes</p>	<p>Financial pressures: If the reduction in third-party revenues, caused by the economic downturn and low interest rates, continues, then the Department's ability to deliver services could be compromised</p>	<p>Our Value For Money Programme has identified a range of actions to generate cost reductions and/or improve value</p> <p>We are reviewing how the Department delivers services and the opportunities presented by online technology to reduce costs and deliver more with less</p> <p>We are reviewing the fees charged to assess the appropriateness of current fee levels</p>
<p>Continue to build organisational capability</p>	<p>Capability and capacity: The Department has a substantial work programme. Capability and capacity constraints could impact on the Department's ability to fully deliver the work programme</p>	<p>Our Planning, Performance and Assurance System and Value For Money Programme will ensure resources are appropriately prioritised and focused on the key deliverables</p> <p>Our investment in people through development and training will enhance overall capability. Our investment in core business infrastructure over 2008/09 and 2009/10 will support effective service delivery. More broadly, our employee engagement system supports the recruitment, retention and development of staff to do a good job</p>

Organisational capability including equality and diversity

STRATEGIES

- We will design, develop and deliver excellent, integrated, cost-effective and accessible services that are valued by New Zealanders.
- We will continue to build the capability to lead and manage a cost-effective and high-performing organisation through ongoing development and implementation of our Organisation Development Plan.

WHAT WE WILL DO

The Department will continue to build capability to lead and manage a cost-effective and high-performing organisation based on the Development Goals for the State Services.

- 1 Employer of Choice – ensure the State Services is an employer of choice and attractive to high performers who are committed to service and the achievement of results.
- 2 Networked State Services – use technology to transform the provision of services for New Zealanders.
- 3 Value for Money State Services – use resources and powers in an efficient, appropriate and effective way.
- 4 Coordinated State Agencies – ensure the total contribution of government agencies is greater than the sum of its parts.
- 5 Accessible State Services – enhance access, responsiveness and effectiveness, and improve New Zealanders' experience of State Services.
- 6 Trusted State Services – strengthen trust in the State Services, and reinforce the spirit of service.

The Department's development programme for the forthcoming year and beyond is based around the priority areas:

- Evaluating our cost-effectiveness and overall value for money through a programme of reviews and identifying opportunities to improve overall performance and reduce costs.
- Completing the implementation of the Department's business systems and infrastructure to support the operations of the Department and improved service delivery.
- Improving the planning, reporting and assurance work that aligns the Department's strategic, business and financial planning systems and progress reporting.
- Continuing to strengthen our leadership capability at all levels.
- Maintaining our focus on employee engagement, in particular through performance and development, and measuring our culture.

WHY WE WILL DO IT

Our intention is to continue building the capability to be a flexible and adaptive organisation that can effectively respond to changing circumstances. Our aim is to ensure the organisation is cost-effective and 'fit for purpose', and that we deliver service in a way that adds value to the Government, sector stakeholders and consumers alike.

Continuing to build capability and performance underpins all of the Department's strategies, and links to each of the medium-term outcomes.

HOW WE WILL DO IT

The Department will continue to enhance the capability of its people. The Employee Engagement System is about ensuring staff know what is expected of them, what their future is with the Department, that the Department will provide effective feedback on their performance, and that it will support staff to develop their skills and abilities to be effective in their roles.

Leadership and management capability will continue to be developed with the ongoing delivery of the leadership programme, coaching and mentoring in the leadership model and training in the technical skills to be good at what we do. Effective leadership through change is critical to the successful development of the Department and its people. Internal change will continue with changes in the sector, the operating context and the implementation of new business systems. The Department is working to establish an integrated, cost-effective service delivery system, supported by technology, for less complex transactions. It continues to train and develop frontline staff to improve the value of its services.

Developing and enhancing our core systems is also an important contributor to achieving strategies and outcomes. We will continue to implement systems that:

- enhance service delivery through technology so that our systems will directly improve service quality and cost-effectiveness, and improve access and self-service options for customers
- grow the Department's sector knowledge-base so that systems support the development of people and the dissemination of information to and across the sector. We will also gather, collate and evaluate information to enable well-informed, cost-effective policy advice and operational decisions
- maintain and continue to develop our strong building and housing relationships. The Department is committed to continuing to work with the sector to implement reforms, in the building sector and at local government level, in a way that is practical, 'do-able', cost-effective and supports the changes required.

Our forward focus is on driving delivery and cost-effective performance across the organisation from a base of sound organisational systems and structure.

EQUALITY AND DIVERSITY, AND PAY AND EMPLOYMENT EQUITY

The Department's approach to equality and diversity is incorporated within the Employee Engagement System. The Department is committed to equal opportunity in the design of all systems, policies and processes related to people management. All available data is monitored and reported to inform improvements. A new information system for human resources from July 2009 will support this work and provide better quality information to managers to inform their decision-making.

The Department has two network groups, Pou Tokomanawa and Vanua Pasifika. These groups enable Māori and Pacific staff to connect with and support each other in both a professional and cultural context. Network leaders have been, and will continue to be, encouraged to take part in the Department's leadership programme and other development opportunities.

The Department is working on:

- improving data quality and analysis using the Employee Information System (HRIS) when implemented
- having revised our approach to recruitment, implementing training for managers in good practice, and analysing information on our recruitment activity to ensure it is as effective as possible
- regular analysis and reporting on turnover data, and using the new exit information to inform the ongoing development of people management capability.

This work will support the achievement of the pay and employment equity plan.

WHAT WE WILL DELIVER

In 2009/10 the Department will:

- complete the implementation of new business systems across the Department for:
 - employee information (HRIS)
 - electronic document and records management
 - financial management information
 - securing the value from the infrastructure investment in server consolidation and voice and data network upgrades
- continue to train managers in the policies and processes that support the Employee Engagement System
- implement the transfer of the registration system for electrical workers from the Ministry of Economic Development
- enhance the Department's intranet as a key business tool
- give effect to the staff training proposals to develop leaders and managers to be more effective in our changing context
- evaluate and improve the Department's induction programmes
- complete and implement the value for money reviews and look for further opportunities. Areas under review include:
 - the options for addressing leaky homes issues and getting leaky homes fixed
 - further work on streamlining and simplifying the building consent process
 - the Building Act, to reduce overall costs of building controls
 - integrating common business processes in occupational licensing and registration, and looking at the potential for outsourcing these back office functions
 - the options for more effective use of the Department's current accommodation
 - our service delivery operating model for timely, cost-effective and accessible services with greater consumer choice of levels of service and greater access to self-service options.

How we will monitor our organisation's capability and health

We are committed to ensuring we have the capability to perform our functions and to operate effectively and efficiently, and to deliver value for money. The following table sets out some of the indicators we will use to help us monitor organisational capability and health.

ORGANISATIONAL HEALTH INDICATORS		
Indicator	2008 baseline	2012 measure
Financial		
Auditor-General's ratings:		
Management control environment	Good	Improve or maintain
Financial information systems and controls	Very good	Maintain
Service performance information and associated systems and controls	Not graded	Good
Forecasting and expenditure	Forecast outturn accuracy base position 5.9% under forecast	Improved year on year to 1% in 2012
Employee Engagement		
Staff participating in the employee engagement workshops increases	56%	75%
Staff capability and capacity		
Vacant positions as a percentage of total positions (rolling 12-monthly average)	Decrease in the rolling 12-monthly average of 14.9% for 2007/08	Moving to a 12-monthly average of between 8%–10% of vacant positions as a percentage of total positions
Rolling 12-monthly staff turnover	Decrease in the rolling 12-monthly average of 23% for 2007/08	A 12-monthly rolling average of between 15%–18%
Health and safety – staff wellbeing		
Sick leave incidence	Sick leave days taken in 2007/08 was an average of 4.71 days per person	Maintain to 2012 as five days or less per annum per person

ORGANISATIONAL HEALTH INDICATORS (CONTINUED)

Performance and development

Percentage of staff with performance and development letters of expectations completed within two months of commencing employment or commencement of the new performance year for existing staff	80%	90%
Training and development time	One day on training or other development per employee per annum	Three days on training or other development per employee per annum

Capital programme

Electronic Document and Records Management System		Completed by end 2009/10
Employee Information System (HRIS)		Completed by December 2009
Financial Management Information System		Completed by 31 March 2010
Electrical workers transition		Completed by December 2009

Capital expenditure plan for 2009 to 2012

The Department has the following capital expenditure plan in place to support the development of key business systems and improved service delivery.

	Forecast 2009/10	Forecast 2010/11	Forecast 2011/12
	\$000	\$000	\$000
Office equipment	50	50	50
Office renovations	200	200	200
Computer hardware	750	750	750
Computer software	3,521	–	–
Motor vehicles	250	50	50
	4,771	1,050	1,050

Published in May 2009
by Department of Building and Housing
PO Box 10-729, Wellington 6143
New Zealand

This document is also available on the
Department's website: www.dbh.govt.nz

ISSN: 1177-0503 (document)
ISSN: 1177-908X (web)

New Zealand Government