

# CONSTRUCTION SECTOR TRANSFORMATION PLAN

Broader outcomes guidelines

March 2022

**CONSTRUCTION**  
SECTOR ACCORD

New Zealand Government



of construction workers  
are women

Source: Construction Sector  
Accord, June 2020

18%

~76,000  
PEOPLE

short of what we need in our  
construction workforce

Source: BCITO October 2021

increase in construction  
emissions over last 10  
years

66%



CULTURAL



ECONOMIC

BY  
2022

it is estimated the sector will need  
15% more plumbers, 14% more  
electricians, and 12% more civil  
engineers

MBIE - Future demand for construction workers,  
July 2017

of construction waste  
per year is produced  
by the construction  
industry

4.4  
MILLION  
TONNES



ENVIRONMENTAL



SOCIAL

583

of the 5,814 suicide cases between 2007  
to 2019 were committed by people  
working in the construction industry

Source: MATES in Construction

of Aotearoa's carbon footprint  
is linked to construction

Source: [MBIE Building  
Performance 2018](#)

15%

>200,000

people involved in the  
Aotearoa construction sector  
- a significant responsibility  
for their health & wellbeing

of Aotearoa's total  
waste comes from  
the construction  
industry

50%

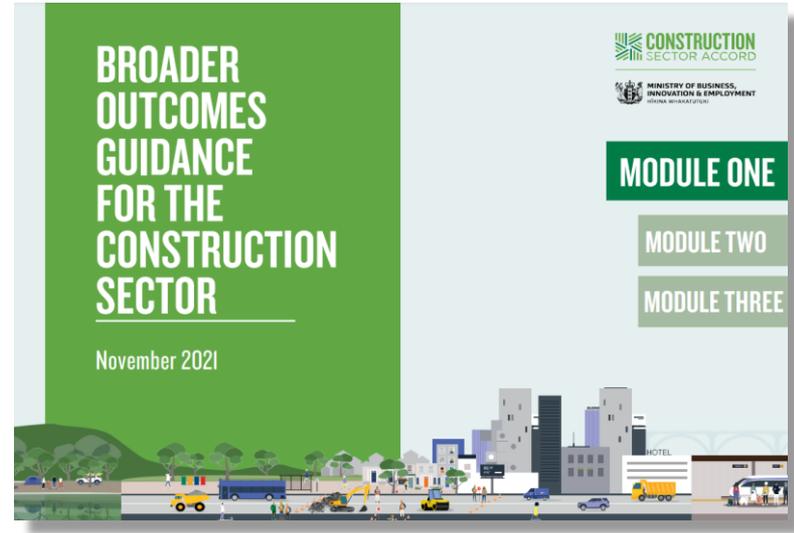
## BROADER OUTCOMES GUIDELINES

# CONSTRUCTION SECTOR ACCORD

### Purpose of the guidance:

Build off existing policy collateral and provide support to implement in practise

- Consistency
- Ease of use
- Improved transparency
- To make progress





# MODULE TWO – How to implement broader outcomes (high level steps)

## STEP 1: OPPORTUNITY MAP

The Opportunity Map may help identify and prioritise 3-5 opportunity areas for delivering broader outcomes. These will help determine the focus for the project and what RFX questions will be included.

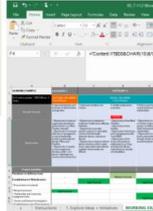
The Opportunity Map is an excel spreadsheet that should be developed by the procurement function and project/delivery teams.

### FOLLOW THE STEPS BELOW:

**STEP 1A: EXPLORE IDEAS/INITIATIVES.**  
These can be found in the [Guidance](#).  
The following steps are illustrated on the working example provided right and will be completed in the excel spreadsheet.

**STEP 1B: DEFINE KEY PROJECT ACTIVITIES OPPORTUNITIES.**  
The full working example can be found in the Opportunity Map excel spreadsheet.

Step 1A: Explore ideas/initiatives



Step 1B: Define key project activities

## STEP 2: SELECTING RFX QUESTIONS

RFX questions should be written in a way that is transparent and fair to all suppliers. Agencies should also clearly articulate what they need so that it is obvious to suppliers what they will be evaluated on. Once a buyer has identified the broader outcomes areas they want to include in the contract, they can select RFX questions from this Guidance.

A 'question bank' of example questions have been provided to encourage consistency in any included in construction tenders. Where indicated where a question is best used for (construction) and whether performance is best assessed at (organisation or project level).

### DESIGN

**When to use:** At design/engineering stage when consultants have the most influence over these broader outcomes.

**Example question:** Detail how operational and whole-of-life embodied carbon will be reduced on this project.

### ORGANISATION

**When to use:** When a buy is already selecting broader organisations. This will not occur until later during the procurement process.

**Example question:** What process will organisations use to ensure they are compliant with the relevant legislation?

OR

### CONSTRUCTION

**When to use:** At all physical works stages when the main contractor will have the most influence over these broader outcomes.

**Example question:** Detail how you will separate waste streams on the construction sites.

### PROJECT

**When to use:** When a buy is already selecting broader organisations. This will not occur until later during the procurement process.

**Example question:** Detail the quality and quantity of materials used on the project.

## STEP 3: EVALUATION GUIDANCE

There are simple things buyers can do to support the delivery of broader outcomes. Below we have provided some general advice buyers should take into account in order to select the best evaluation model for the project and to ensure the evaluation process runs smoothly and successfully.

### EVALUATION MODEL:

- The selected evaluation model needs to consider broader outcomes in a meaningful way and to the extent that the result may be impacted.
  - For example, "lowest cost conforming" can not meaningfully consider broader outcomes in a way that will influence the result.
- Broader outcomes weighting can be between 10%, 30%, or more or less. This will depend entirely on the project size, scope and purpose.

### QUESTIONS AND CLARIFICATIONS:

- Where possible, avoid being too prescriptive in your questions to suppliers can be with innovative solutions.
- Keep suppliers updated on the price and progress. Be sensible with clarify questions and keep it focused to the supplier's time.
- Include as part of questions, additional clarification or even suggestions on it to cover.
  - For example, To support question "Explain how you will reflect on a value and heritage in the design?" you could add underneath it "We are particularly focused on..."

If you are looking for more detailed advice - [NZGP evaluation methodology guidance](#)  
\*This doesn't mean you can not use "lowest cost conforming", it can be useful for low spend tenders.

## STEP 4: KPI MEASUREMENT GUIDE

WHAT GETS MEASURED, GETS MANAGED.

This Guidance includes potential Key Performance Indicators (KPIs) that can be incorporated into contracts. The intention is that they will be monitored, managed and reported on during the months and years of the project.

Broader outcomes KPIs are used to measure an organisation's progress against cultural, social, economic and environmental broader outcomes within a specific time frame (the project) and to make more informed decisions as a result.

There is complexity and subjectivity around what exactly broader outcomes success looks like. However, tracking achievement and recognising the connections between tangible, reportable results and more difficult to measure goals will improve the chances of delivering broader outcomes when compared to not tracking at all.

### TIPS FOR DATA COLLECTION DURING THE PROJECT

- Understand supplier capability and capacity for collecting data
- Use a simple excel spreadsheet to break down the steps required to collect data. Example headings could include:
  - Broader outcome
  - KPI
  - How the data will be collected (survey, existing systems)
  - How often data will be collected (start and end of project)
- Consider what broader outcomes reporting your agency needs to do and be proactive in collecting the necessary data/information ahead of time.

Check out the [New Zealand Government Procurement's broader outcomes data collection template](#) for ideas.

### IMPORTANCE OF DEVELOPING SMART KPIs

The intention of this Guidance is to support Operations and Project Teams in the delivery of broader outcomes initiatives and measure supplier performance. KPIs should be tailored to the specific contract requirements, leveraging the structure of the guide to provide indications on some of the types of performance metrics that could be considered.

Actual delivery of broader outcomes is essentially supplier-led, so that KPI targets must be realistic and data shouldn't just be collected for the sake of it.

As a general rule, KPIs are most successful when they use the 'SMARTER' acronym:

<b>SPECIFIC</b>	Clear and concise to avoid any misinterpretation of goals with a focus on broader outcomes.
<b>MEASURABLE</b>	Quantifiable results.
<b>ACHIEVABLE</b>	Practical and reasonable given the resources available, abilities and conditions.
<b>RELEVANT</b>	Relevant to broader outcomes goals.
<b>TIMED</b>	Clear timelines to achieve and for measurement to take place.
<b>ETHICAL</b>	Principled, fair, transparent without harm to people or the environment ahead of time.
<b>RECORDED</b>	Documented results.

# MODULE THREE – Detailed guidance on broader outcomes in procurement

Designated Contract Priority broader outcome

## INCREASED SIZE AND SKILL LEVEL OF DOMESTIC CONSTRUCTION SECTOR WORKFORCE (1/2)

NOTE: THIS IS A PRIORITY BROADER OUTCOME COVERED IN GOVERNMENT PROCUREMENT RULE 10: INCREASE THE SIZE AND SKILL OF THE DOMESTIC CONSTRUCTION SECTOR WORKFORCE

### STEP 2: QUESTION GUIDE

**INCREASED SIZE AND SKILL LEVEL OF DOMESTIC CONSTRUCTION SECTOR WORKFORCE**

**QUESTION TYPE**

Provide details on your organisation's upskilling and career development for **existing workers**. Include whether in-house programmes/ initiatives, upskilling and training is part of the National Qualifications Framework (including micro-credentials) and what supervisory support is available to workers. And what will you do in the project?

What upskilling and career development opportunities can you make available to existing workers in the **construction sector** as part of this project? Please provide any associated costs.

Provide details on what your organisation is doing currently to increase the capacity of the construction workforce through the training and development of **new workers** (e.g. trainees and apprentices who have limited experience).

How many roles are included in your project team for trainees and/or cadets and/or apprentices?

\*Priority social groups are defined within the Government Procurement Rules as displaced workers and groups with traditionally high rates of unemployment or low labour force participation (specifically women, Māori, Pasifika, disabled people and youth)

### STEP 3: RESPONSE & EVALUATION GUIDE

**EVALUATION**

Buyers will evaluate the supplier based on the size and value of the project and the local context (if project is in regions where skills resources are scarce) to understand whether the opportunity to increase the size and skill of the domestic construction sector workforce has been properly leveraged.

Suppliers that invest in developing either their own or the construction sector's future workforce will have an advantage over those that do not.

**Further considerations for evaluators:**

**PAST PERFORMANCE**

Existing practices showing commitment to worker development, skills training, and development programme.

**SUPPLY CHAIN**

Supplier engagement with their supply chain, including subcontractors, and have their buy-in and support to meet objectives.

**LEVEL OF COMMITMENT**

Supplier commitment to deliver outcomes and if they are realistic.

## NET ZERO EMISSIONS ECONOMY (1/2)

NOTE: THIS IS A PRIORITY BROADER OUTCOME COVERED IN GOVERNMENT PROCUREMENT RULE 20: SUPPORT THE TRANSITION TO A NEW ZERO EMISSIONS ECONOMY AND ASSIST THE GOVERNMENT TO MEET ITS GOAL OF SIGNIFICANT REDUCTION IN WASTE BY 2020 AND BEYOND

### STEP 2: QUESTION GUIDE

**NET ZERO EMISSIONS ECONOMY**

**QUESTION TYPE**

Detail what your organisation is doing as part of business-as-usual to reduce fuel consumption, CO<sub>2</sub> emissions and overall carbon footprint.

Explain the measures your organisation (and main contractor/subcontractors) will take to reduce fuel consumption, CO<sub>2</sub> emissions and limit the project's carbon footprint.

Provide details on how your organisation plans to achieve energy efficiencies on this project and whether these efficiencies can be measured throughout the life-span of the construction work.

Detail what carbon tools, approaches and processes your organisation will use to calculate, measure and monitor carbon emissions throughout the project. E.g. Energy modeling tools and Life Cycle Assessment tools. Do you have the capability and capacity to do this?

### STEP 3: RESPONSE & EVALUATION GUIDE

**EVALUATION**

Buyers will evaluate the supplier (main/subcontractors as applicable) based on the initiatives the supplier will undertake to reduce their carbon footprint.

**Further considerations for evaluators:**

- Evaluate how the supplier intends to measure their efficiencies achieved and whether afforestation or other carbon offsetting initiatives will be used.
- Confirm whether this project has a completed Carbon Brief. Does the approach make sense and are the targets for reducing whole-of-life embodied carbon and operational carbon reasonable?
- Has the supplier given consideration to effective management and monitoring of energy and water use? Has the supplier adopted proposed caps set out in the Building for Climate Change, "Transforming Operational Efficiency" framework?
- Whilst the biggest opportunities for savings lie in the design phase, whole-of-life embodied carbon can be lowered through good waste management, using local materials where possible to reduce transport emissions, and making use of off-site construction methods, reducing less efficient on-site activities and site waste.

### STEP 4: KPI MEASUREMENT GUIDE

Provided below are example quantitative and qualitative KPIs. Selection of KPIs should be guided by the RfX question, supplier response and realistic reporting expectations.

**Quantitative broader outcome KPIs:**

- Calculation of total greenhouse gas emissions (CO<sub>2</sub>, methane and others, measured in carbon dioxide equivalent or CO<sub>2</sub>e) up to the end of construction.
- Assessment of future emissions over the life of the building (operational and embodied), measured in kg CO<sub>2</sub>e/m<sup>2</sup>.
- Total supplier energy consumption during contract (MWh), and
  - % of total made up of electricity (MWh) per annum.
  - % of total made up of natural gas consumption (MWh) per annum.
  - % renewable energy sources.
- Number of whole-of-life carbon assessments of buildings carried out during the design process.
- Reduction in project carbon emissions released - [Year 1] versus [Year 2]. Metric: tCO<sub>2</sub>e (M&E guidelines).
- Carbon emissions offset via high quality carbon offsets plan
- Number of vehicles in supplier transport fleet **supporting project**, including:
  - Supplier transport fleet total CO<sub>2</sub> emissions.
  - Breakdown of distance driven by supplier transport fleet and contractor transport fleet.

Continued on next page

Check out the Construction Sector Accord website  
for the guidelines

<https://www.constructionaccord.nz/good-practice/resource-hub/procurement-and-risk/>