



For discussion – not government policy

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# **Licensed Building Practitioners Scheme**

## Stakeholders' assessments of key design features

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September 2018  
Research, Evaluation and Analytics





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# Foreword

New Zealand's building industry is complex. The regulatory framework, which supports industry, sets out requirements for the people, processes, products, and building performance within the system. Each of these elements needs to be sufficiently robust and work harmoniously with other elements to ensure the system is strong and effective as a whole.

As the industry regulator, the Ministry of Business, Innovation, and Employment (MBIE) has a programme of activity underway to ensure that our work supports the building system, those who work in it, and those who rely on it. One focus of this work is the licensing of building practitioners.

The Licensed Building Practitioners (LBP) Scheme (the Scheme) was launched in November 2007 to encourage competent building practitioners to build homes right the first time. Since launch, the Scheme has had no formal post-implementation review. MBIE and the Building Practitioners Board have decided to look at the Scheme's effectiveness to identify where improvements may be made.

There are a number of pieces of work underway to understand the challenges facing the LBP Scheme, to ensure regulatory settings are fit for purpose, and that the scheme is well placed to succeed.

MBIE has sought feedback from people involved in the industry about how they think the Scheme has been performing in practice, and where improvements might be made. As you will see from this report, feedback suggests that people think the Scheme is valuable because it sets minimum standards of competence and creates accountability for building practitioners, but workforce capacity, competence, supervision and licensing classes are areas for improvement.

At the same time, but for quite different reasons, MBIE has been reviewing the LBP fee structure which has remained the same since the scheme was introduced over 10 years ago. In the last decade, demand for services (such as online facilities and guidance documents) and demand on the Building Practitioners Board to address the increased volume and complexity of complaints has increased to a point where current funding is insufficient to cover the LBP Scheme's operating costs. Fee changes have been proposed to ensure the Scheme is adequately resourced in the short term.

During consultation on the LBP fees in mid-2018, MBIE received feedback from LBPs about how to improve the Scheme. We will use this feedback, and the feedback we have received from industry, to look at improvements to the LBP Scheme. This will see MBIE consider the regulatory settings for the Scheme, as well as make operational improvements to ensure the scheme operates effectively.

Over the next few months we'll be reflecting on what we've heard and prioritising areas for improvement.

MBIE recognises this represents a lot of change for LBPs over the next few years as the Scheme's challenges are addressed. MBIE will continue to engage with LBPs and industry as we develop proposals to improve the Scheme, and will consult publicly on these proposals before making any decisions.

The building industry is experiencing a period of significant growth, which makes it more important than ever that we have the right systems in place to ensure the competence of the country's building practitioners. MBIE is committed to ensuring the Scheme works now, and into the future.

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2. Standards of competence, performance standards, continuing competence
3. Supervision
4. Licensing classes

### Overall findings:

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- › Misunderstandings and confusion about key aspects of the Scheme compound to affect how well it can work.

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## Workforce capacity

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### Key findings of workforce capacity:

- › Building practitioners' perceptions of the Scheme drive uptake and retention and LBP numbers are not keeping pace with the expansion of the building industry.
- › Motivations for being an LBP may be related to career stage, which affects uptake of the Scheme.
- › Stakeholders consider there is a general shortage of capacity in all parts of the building industry, including LBPs.

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- › Building practitioners can become LBPs through two pathways: 'standard' and 'qualified practitioner'. Many of the stakeholders saw the 'standard' pathway as a temporary measure needed when the Scheme began.
- › Variability in LBP competence is linked to quality of assessment process.
- › LBPs see on-the-job training as the most effective or useful way of ensuring ongoing competence.

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- › The lack of supervision competency requirements, and misunderstandings about the relationship between accountability and responsibility, creates confusion.
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- › Records of Work are not necessarily being completed by LBPs who have done or supervised building work.

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## **Licensing classes**

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- › The Site licence is recognised as having the potential to meet the needs of managing increasingly complex projects and worksites but has little value in its current state.

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### **Acknowledgements**

The team from MBIE Research, Evaluation and Analytics that completed this report would like to thank the key stakeholders and building practitioners who took the time to contribute their experiences, thoughts and insights to this project. The fieldwork was undertaken in three areas: Auckland, Wellington and rural Otago.

We appreciate the involvement of the people who participated in the in-depth interviews or focus groups: building practitioners (both licensed and unlicensed); Building Consent Officials, industry bodies, training providers and other occupational regulators. Without their generous participation, this report would not have been possible.

The team would also like to acknowledge Sandar Duckworth from Litmus Research and Evaluation who was part of our team, undertaking fieldwork, analysing interviews and reporting findings.

# Introduction

The Licensed Building Practitioners (LBP) Scheme licenses building practitioners to carry out building work essential to the structure or weathertightness of residential buildings.

The LBP Scheme (the Scheme) has been in place since 2007 but has had no formal post-implementation review or evaluation. With growing stakeholder interest in how it is meeting its objectives, this project was commissioned to contribute to the Ministry of Business, Innovation and Employment's (MBIE's) thinking about how to support the evolution of the LBP Scheme, including its ongoing implementation and improvement.

To scope this project Research, Evaluation and Analytics developed an intervention logic for the Scheme. This shows how the design of the Scheme and how it works are intended to achieve its outcomes. (A simplified version of the intervention logic is in Appendix 1.)

## **This report takes stock of stakeholders' assessments of key aspects of the LBP Scheme.**

The focus is on four key elements of the Scheme, each essential to its outcomes and which are important to understand from the perspective of external stakeholders. MBIE decided to focus on these elements because they are critical to how the Scheme works in practice and because there is limited information about how well they are functioning.

Other aspects of the Scheme matter for how it works, but these four are central to understanding how it is operating in practice:

### **1. LBP WORKFORCE CAPACITY**

We interviewed key stakeholders and building practitioners about their assessment of the capacity of the Scheme to keep pace with the projected expansion of the building industry. We also investigated motivations for and barriers to qualified and experienced building practitioners becoming licensed.

### **2. STANDARDS OF COMPETENCE, PERFORMANCE STANDARDS, CONTINUING COMPETENCE**

The Scheme sets a minimum standard of competence that building practitioners must meet to become an LBP. We investigated stakeholders' views about:

- › the extent to which the minimum standard of competence for LBPs is set at the right level
- › whether they think LBPs perform at the required level of competence
- › how well competencies are assessed.





### 3. SUPERVISION

All restricted building work (RBW) needs to be carried out or supervised by an LBP, so effective supervision is a key element of the Scheme. We looked at stakeholders' views about how well supervision is operating, and to what extent it is supporting the Scheme to meet its objectives.

### 4. LICENSING CLASSES

The structure of the Scheme's licensing classes is central to it achieving its objectives as they are linked to what constitutes RBW. We investigated stakeholders' views about whether licensing classes are fit for purpose and their views about how able the Scheme is to respond to increasing specialisation in the building and construction industry.

We interviewed 59 stakeholders to look at how the Scheme operated in three regions – Auckland, Wellington and rural parts of Otago. We chose these regions because they cover different factors that are known to affect the building sector and the Scheme. We wanted to understand if there were any differences in how the Scheme was seen to be working, depending on the local context.

In each region, we spoke with industry bodies such as Building Consent Authorities (BCAs), Building Control Officials (BCOs), training providers and other occupational regulatory groups, as well as builders, both licensed and non-licensed. These interviews provide important feedback on how the Scheme is operating in practice and how everyday building work fits within the regulatory environment. Full details of the approach are in Appendix 2.

In addition to the interviews with stakeholders in the three regions, we worked with MBIE staff involved with the Scheme to identify the aspects that need to be monitored to judge how the Scheme is working. We reviewed existing data and information about the Scheme's operation, concluding that at present the data is not well suited for monitoring progress towards the Scheme's outcomes. We determined that stakeholders' views currently offer the best information source for understanding how the Scheme is working on the ground.

### How to read this report

This report presents stakeholders' assessments of the value of the Scheme – it does not make an overall judgement about the Scheme's value. There is general agreement that it is still too early to fully evaluate to what extent the Scheme is delivering on its outcomes in the way originally intended. The design of this project reflects the early stage of the Scheme's development and implementation, and sits alongside work underway to refine its structure and features. For example, the project's focus on licensing classes complements MBIE's wider work on how the Scheme could adapt to reflect increasing specialisation in the building industry.

This report deals with each of the four elements of the Scheme that we investigated separately: LBP Workforce Capacity; Competence; Supervision; and Licensing Classes. At the end of each section we pose a series of questions about what the stakeholders' views might mean for how we think about next steps for the Scheme to ensure it is fit for purpose and continues to evolve.

Throughout the report, when we refer to stakeholders generally we are reporting on the overall view of all the different groups we interviewed. When we identify specific groups, like BCAs, this means this is a view primarily held by them, distinct from other stakeholders. What we report are the predominant views, unless they were not widely held; then we indicate this with a qualification, like 'some', and 'few'.

At the end of the report there is a detailed glossary of the key terms which describe important elements of the Scheme.

### **The Scheme's main purpose is to ensure that LBPs are competent and accountable so that consumers are protected.**

The Scheme was established under the Building Act 2004. The Act was designed to strengthen the regulatory framework for the building industry to ensure homes and buildings are safe, healthy and durable. The Scheme:

- › sets minimum standards of competence for licensing
- › requires building practitioners to maintain their professional skills
- › identifies licensed practitioners through the LBP Public Register
- › makes practitioners accountable to the Building Practitioners Board through a complaints process.



Participation in the Scheme is voluntary, however some building work and design work is RBW and must be carried out or supervised by LBPs. In 2012, five years after the Scheme was introduced, licensing became mandatory for any building practitioner wanting to undertake or supervise RBW. This is building work that is critical to the building integrity of homes and small to medium-sized apartment buildings. This includes the design and construction of foundations, framing, roofing and cladding, and also applies to the design of active fire safety systems in small to medium-sized apartment buildings.

The Scheme aims to ensure that the **LBP workforce performs competently and acts accountably**. For this to happen, licensing and relicensing standards need to be set at the appropriate level, the assessment process must be rigorous and consistent, and the LBP workforce must perform its work at, or above, the assessed standard. This should ensure that the Scheme delivers on its purpose – to ensure that **consumers are protected**.

Capacity and supply will affect the overall competency and accountability of the workforce which, in turn, will affect workforce supply – there need to be enough LBPs so that the **LBP workforce capacity and supply meets market demand**. For there to be enough LBPs, building practitioners need to be motivated to join the Scheme because belonging to it is valuable to them. If they are, there should be sufficient uptake of the Scheme – enough building practitioners apply to join and renew their licences.

## External stakeholders believe the Scheme has merit, but needs to evolve.

Overall, stakeholders feel there is merit in having a system that sets minimum standards of competence for licensing, and makes practitioners accountable to the Building Practitioners Board through a complaints process.

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“ I certainly wouldn't scrap it. Yeah it's been hard to get into it. I think the Scheme is certainly a positive thing, like any system there's problems. [...] Everything's a work in progress.

**LBP, AUCKLAND**

However, stakeholders think there are a number of significant implementation issues with the Scheme that need addressing, particularly around pathways to licensing, assessment processes, skills maintenance, supervision and licensing classes. In this context, many stakeholders think these issues need fixing and that the Scheme needs to evolve and adapt to be fit for purpose in the future.

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“ The intent [of the Scheme] was to create the tent. Get them in the tent, work with them as opposed to have them outside the tent and have no control over them. That was a fundamental principle based on the level of skills and competencies of the industry at the time when the Scheme was created. The low level we had, we needed to get them in. So now where is the next bit? That is what I am waiting for. Don't get me wrong, the Scheme is fantastic – it just needs to mature.

**BCO, AUCKLAND**

## Misunderstandings and confusion about key aspects of the Scheme compound to affect how well it can work.

Confusion is a common theme in stakeholders' views about capacity, competence, supervision and licence classes. Misunderstandings about the relationship between responsibility, accountability, liability, and supervision, and the way supervision practices are affected by how businesses operate may have a combined effect on the Scheme's uptake and credibility. There is confusion about how the different licence classes are supposed to interact, specifically about how the Site licence fits into the Scheme.

The rest of this report deals with each focus area one by one. But, there are clear links between them, as one influences another. For example:

- › Confusion about **supervision** may be limiting licensing uptake and this affects **capacity**.
- › The credibility of the Scheme is critical to driving uptake (**capacity**) but the sector does not see the Scheme as providing a reliable standard of **competence**.
- › Gaps between **licence classes** are exacerbated by the limited value of the **Site licence**, related to issues with **supervision**.



# Workforce capacity

For the Scheme to achieve its intended outcomes, LBPs need to be able to perform competently and act accountably. There also need to be adequate numbers of LBPs (capacity and supply) to meet market demand and perform and supervise RBW. For this to happen, building practitioners have to be motivated to join the Scheme by recognising the value of belonging to it. If they do, there should be sufficient uptake of the Scheme – that is, enough building practitioners apply to join and renew their licences, allowing for a margin of failures, to meet or continue to meet the required standard to become or remain licensed.

Establishing how many LBPs is enough – the notionally optimum number to meet market demand – is a tricky judgement: there need to be enough to perform and supervise RBW so that Building Code standards are met effectively and efficiently, without compromising productivity in the sector. Along with this, numbers of LBPs need to be able to flex, according to building and construction activity.

At the end of June 2018, 25,464 individual LBPs were licensed, with a total of 30,288 licences issued. These figures differ because an LBP can hold more than one licence. There are seven licence classes in the Scheme: Carpentry, Site, Design, Roofing, Bricklaying and Blocklaying, External Plastering, and Foundations. The biggest licensing class is carpentry, with over 20,000 LBPs. The number of licences issued, and their distribution across the different licensing classes, has been relatively static over the last three years.

In this section of the report, we explore LBPs' views about the value of the Scheme. Specifically we consider how, at present, the Scheme's current uptake may reflect career stage characteristics of building practitioners. We also look at how LBP capacity more generally reflects workforce capacity across the building and construction industry.

## Motivations for being an LBP may be related to career stage.

From our interviews with building practitioners who are LBPs or could apply to become LBPs, we saw a distinctive pattern for practitioners' stage in their careers, where they shared similar characteristics, motivations for licensing, and views about the Scheme. This is a helpful way of thinking about the potential relationship between different levels of skills and/or qualifications and practitioners' views of the Scheme. (Note, we did not interview labourers and hammer hands.)

We identified four broad groups of building practitioners where there was a strong relationship between their view of the Scheme's value and their career stage. We cannot generalise from this qualitative work whether this holds true for building practitioners as a whole. Even so, this does point to a plausible relationship between the Scheme's perceived value and career stage, since it was a strong and consistent theme for those we spoke to.

We recognise that recent migrant building practitioners, who were not specifically interviewed for this project, may have different views about the value of the Scheme. The profile and views of different groups are also likely to change over time as the Scheme develops.

## ENTRY-LEVEL BUILDING PRACTITIONERS – STILL GETTING READY FOR THE RESPONSIBILITY OF BEING AN LBP.

Building practitioners who have only recently completed their qualification are focusing on gaining experience and putting this learning into practice. As a result they tend to feel they are neither ready for the responsibility of being an LBP, nor equipped to supervise others who are doing RBW.

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*“ I don't want to take on the risk of others. It is not my job just yet.*

Furthermore, some young practitioners who have recently completed their qualification do not want to spend their free time working towards being licensed and completing skills maintenance. They also find it more difficult to identify suitable referees because they have only just entered the workforce.

Entry-level practitioners often heard positive views of the Scheme from training providers. However, their decision to enter the Scheme is primarily based on the guidance of their employers and senior colleagues. In most cases the advice is negative as employers often discourage young practitioners from applying by saying they are not ready for the responsibility.

## EMERGING BUILDING PRACTITIONERS – SEEING VALUE IN THE SCHEME.

Building practitioners who are employed and are looking for more responsibility see value in the Scheme.

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*“ [Becoming an LBP] is something you need to do to move up and not work on wages for the rest of your life.*



This group tends to think that being an LBP proves they can work competently and effectively, and gives them higher status and respect. It therefore enables them to command higher wages, and they see it as a necessity if they are to go into business for themselves.

However, these practitioners are reluctant to supervise other practitioners. While they are confident in their own abilities, they are unwilling to take on the perceived risk and responsibility that comes with supervising others.

### **ESTABLISHED BUILDING PRACTITIONERS – ONLY OPERATING VIABLY BY BEING LICENSED.**

Established building practitioners who are running businesses recognise that they need to be licensed to conduct or supervise RBW. As RBW applies to a significant amount of residential work, the scope of their work would be limited without a licence.

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“ Being licensed allows us to do RBW. Otherwise, we would be running around fixing grandmas’ windows.

Established building practitioners tend to consider that the standard of competence for the Scheme is too low, meaning that they consider it has let ‘cowboys’ into the industry. Therefore, they think being an LBP is more a legislative requirement than a quality mark. These practitioners feel there should be more incentives and rewards for being licensed. For example, it should mean that building inspections could be scaled back for competent practitioners (LBPs). This was a view shared across all types of builders, BCOs, and other industry professionals, who all thought that the Scheme had originally offered the prospect of making consenting and inspections less onerous.

Skills maintenance is a significant pain point for this group of practitioners, as many of them are now ‘off the tools’. They find it challenging keeping up to date with skills activities because of this, and on top of daily business requirements.

### **LATE CAREER BUILDING PRACTITIONERS – NOT WANTING TO TAKE ON THE PERCEIVED RISK AND EFFORT OF BECOMING LICENSED.**

Late career building practitioners may be downsizing their businesses, re-entering the industry after a long absence, or sidestepping into the sector from a related industry. The only value the Scheme offers them is if they take on work themselves. However, they can still do building work, operating around the edges of RBW.

Their principal motivation in their work is to minimise risk to themselves and their families as they are nearing retirement. At this stage of their career, they don’t see the value of investing in licensing or keeping their skills up to date.

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“ There is no point being an LBP. It’s just another thing to pay for and maintain.

Many of these practitioners have been through the leaky home crisis and think that being licensed increases their liability.

They tend to hold negative views of the Scheme and see it as red tape that limits the work they can do and is a form of government ‘revenue gathering’.

### **Stakeholders consider there is a general shortage of capacity in all parts of the building industry, including LBPs.**

Stakeholders believe the number of LBPs is not keeping pace with the expansion of the building industry. However, they consider this is true of all parts of the building industry, including all building, electrical and plumbing trades, designers, engineers, and quantity surveyors. Stakeholders in Auckland, in particular, think capacity is spread too thinly as LBPs are working on and supervising a larger number of sites.

However, stakeholders consider attracting more qualified and skilled LBPs is a broader issue than the Scheme alone can or should be responsible for. Most feel more should be done to encourage young people to see the trades as a viable and worthwhile career.

BCOs and LBPs point to other capacity issues, noting a need for more council inspectors to inspect RBW. BCOs also indicate they don’t have enough capacity for making complaints to the Building Practitioners Board about LBPs’ poor design or building work, because of the effort involved in the process.

Councils and industry bodies are more concerned about whether existing LBPs are performing competently, and that the necessary paperwork (Records of Work) is being completed, rather than whether there are enough LBPs.

## What do we need to think about for next steps for the Scheme?

### **Building practitioners' perceptions of the Scheme drive uptake and retention – LBP numbers are not keeping pace with the expansion of the building industry.**

The effectiveness of the Scheme depends on capacity – having enough LBPs for supply to meet market demand. Stakeholders think motivation to join and stay in the Scheme relates to building practitioners' career stage, and whether they were in the sector at the time of the leaky buildings crisis. Overall, there are concerns about capacity across the sector, mirrored in views about whether there are enough LBPs. Where the LBP workforce is spread thin, stakeholders are concerned this influences how effectively and efficiently RBW is done.

Apart from what stakeholders think, at present it is not clear what enough capacity is. Our existing information about the standard of RBW is confined to data from only some BCAs. They collect consent, inspection, and code compliance information differently, and may not uniformly apply the Building Code. This makes comparing data between them, let alone aggregating it, difficult. Where we do have information from specific BCAs, we can't assume that this can be generalised, because of the way the BCA applies the Building Code, and the specific characteristics of residential building work in their area. Since we can't generate a national picture of the relationship between how compliant RBW is, relative to numbers of LBPs, modelling what might be an optimum number of LBPs is challenging. (This is also relevant to competence, discussed in the next section.)

This poses questions for MBIE to consider in ensuring the Scheme is fit for purpose and continues to evolve:

- › How might we best ensure the Scheme is set up to cope with and adapt to changing demands?
- › Given that building practitioners' motivations may vary depending on their career stage, how might we tailor our approach to encourage uptake of the Scheme for different career stage groups?
- › How might we determine whether there are enough LBPs? What criteria would we use and how can we ensure we have the information we need to make this judgement?





# Competence

## **BUILDING PRACTITIONERS CAN BECOME LBPS THROUGH TWO PATHWAYS: 'STANDARD' AND 'QUALIFIED PRACTITIONER'.**

There are two different application pathways for building practitioners who want to become LBPs:

### **1. The 'standard application' pathway**

This is for building practitioners who do not hold a recognised qualification in the licensing class for which they are applying. In this case, there is an in-depth assessment with the applicant about their career pathway and development.

An assessor examines an applicant's previous work history, recently completed jobs and referees, and carries out a test of regulatory knowledge. In some cases this might include a face-to-face assessment of competence. Building practitioners applying for a Design licence, or who don't have a recognised qualification in the licensing class they are applying for, must follow this application pathway.

### **2. The 'qualified practitioner application' pathway**

This pathway is for building practitioners with recognised qualifications, and the assessment process is less involved. An assessor reviews the application form, calls referees to confirm the applicant's technical competence on projects they have worked on, and carries out a test of regulatory knowledge.

The Scheme sets minimum standards of competence for each licensing class. A building practitioner who wants to become an LBP must meet this standard to become a licensed practitioner. These standards are set out in the Licensed Building Practitioners Rules 2007 (the Rules).

LBPs need a broad range of skills to carry out building work competently and effectively. These skills can be developed through trade and higher level tertiary qualifications, on-the-job experience and personal skills.

In this section we cover stakeholders' assessments of:

1. the value of the two application pathways for becoming an LBP
2. perceived variability in LBP competence and the quality of the competency assessment process
3. the system for assuring ongoing competence, and views about continuing professional development for LBPs
4. the Scheme's role in upskilling and lifting practitioner competence.

## **Stakeholders saw the standard pathway as a temporary measure needed when the Scheme began.**

Many stakeholders that we interviewed recognised that the standard pathway was a temporary measure for the purpose of establishing the Scheme without excluding parts of the workforce who were competent, experienced but unqualified.

BCOs, industry bodies and training providers consider that the two pathways – experienced and qualifications based – were a logical response to achieving critical licensing targets at the time the Scheme was introduced, given the Canterbury earthquakes, the building boom, and the need not to exclude good building practitioners who did not have formal qualifications. They believe if the building sector is serious about getting more skilled and competent people into the industry, it cannot continue to rely on the standard pathway to achieve this.



## **THERE IS SUPPORT FOR MOVING TO A SINGLE, QUALIFICATION-BASED PATHWAY, IF THE CONTINUING PROFESSIONAL EDUCATION ENVIRONMENT MATURES, AND QUALIFICATIONS ARE MORE CONSISTENT.**

Stakeholders who recognise the limitations of the standard pathway, as a way to get more skilled and competent people into the industry, support making qualifications mandatory for new LBPs. They think this could be viable in the near future because the qualifications and training environment is maturing.

However, some stakeholders recognise that there is a gap between completing an apprenticeship and having the skills and competencies needed to carry out good building work. BCOs, in particular, feel the competency standard for trade and university qualifications is quite low. Some stakeholders consider that there is a lack of continuing professional education once practitioners have finished an apprenticeship. They think this needs to be remedied if the overall competence of the building industry workforce is to be lifted.

Industry bodies and training organisations appear to be responding to these challenges by aligning LBP competencies with, and building more relevant skills into, training qualifications (particularly in roofing).

## **BUILDING PRACTITIONERS WITH TRADE QUALIFICATIONS THINK THE STANDARD PATHWAY DEVALUES THEIR QUALIFICATIONS.**

Building practitioners with trade qualifications generally consider the Scheme's 'standard application' pathway reduces the worth and importance of their qualification. For them, being able to become an LBP without completing a qualification makes them question the value of the qualification itself. They also see having to apply for a licence as an 'extra step', and question why their qualifications aren't sufficient to demonstrate that they are fit to be licensed and meet the required minimum standard.

Building practitioners who use the 'standard' pathway tend to be those who have trained or worked in the industry outside New Zealand, those who are entering the industry at a later stage in their careers, or practitioners with learning disabilities (eg dyslexia) that have discouraged them from completing qualifications. However, training providers and industry bodies note that young practitioners value training as the best way into the profession.

## **Variability in LBP competence is linked to quality of assessment process.**

Many BCOs and LBPs are not confident that the Scheme's assessment process is reliable or consistent. They cite too much emphasis being put on evidence from third-party referees, and not enough formal, applied testing of whether applicants' skills meet the relevant standard of competence. Seeing too much variance in LBP competence, they attribute this to the rigour of the assessment process.

LBPs cite examples of not being sufficiently tested in the application process and express the view that assessors are helping them to pass. Similarly, BCOs hear from LBPs that the assessment process was too easy – this affects their perception of the rigour of the process and, therefore, their view of LBPs' competence.

Many stakeholders also believe a weakness of the assessment process is that it does not assess direct evidence, for example through observations on-site. This particularly applies to those getting their licence through the qualifications route – here the view was that qualifications may not be sufficient on their own, and what is needed is a combined method that weighs these with an assessment of practical competence. They also consider conducting observations on-site is essential when assessing the competencies of practitioners who have just completed an apprenticeship. Therefore, stakeholders believe assessors are not using sufficient evidence to make a judgment about a building practitioner's competence when making recommendations to the Registrar about granting a licence.

### LBPS MUST DEMONSTRATE ONGOING COMPETENCE BY COMPLETING REQUIRED SKILLS MAINTENANCE ACTIVITIES.

All LBPs need to keep up to date with changing industry practices and regulatory changes by completing a set of skills maintenance activities. LBPs must renew their licence(s) every year. Every second year they must record and show that they have completed required skills maintenance activities – learning activities that help make sure they continue to meet the minimum standard required to keep their licence(s).

The skills maintenance requirements involve compulsory and elective activities.

#### 1. Compulsory skills maintenance activities

All LBPs need to complete compulsory skills maintenance activities that are designed to make sure they get the information they need about regulatory and technical changes critical to their work. To complete this requirement, LBPs need to read Codewords/LBP knowledge link articles relevant to their licence class and complete a short quiz. Articles are emailed and posted to LBPs and cover key areas

of the law and construction methodology which they need to be aware of.

LBPs also need to document at least two examples of on-the-job learning for each licence class they hold. These examples can be a project where an LBP has learned something new on the job that is relevant to their licence class. For example, this might be:

- › designing and/or installing a new cladding
- › learning how to use a product or material that they haven't used before
- › how they did a job complicated by a particular terrain, wind zone or elevation.

#### 2. Elective activities

These activities are designed to give LBPs the learning they need to maintain their professional competence in relation to their licence(s). They can pick any activities that are useful to them and the work they do (eg, attending conferences, seminars and lectures, trade events, presentations and tutorials, subscribing to a trade magazine, completing courses, or other formal studies). LBPs are required to perform a set number of learning hours of elective activities; the amount may differ based on the licence(s) they hold.

### LBPs see on-the-job learning as the most effective way of ensuring ongoing competence.

LBPs see themselves as upskilling on the job every day through building new designs, learning about and applying new products, learning from new practitioners who come on-site, and teaching and learning from apprentices. They recognise the need to keep on top of industry changes, but they don't want to do this in a way that doesn't benefit them on the job, directly through paid work. LBPs consider skills maintenance activities a compliance exercise that contributes little to their ongoing competence.

“ Skills maintenance is for you guys to say ‘we are upskilling our tradesmen’. But you are not. Upskilling is part of the tradesman’s day-to-day function. It’s the practical nature of the industry. We’re doing it daily. We don’t need those upskilling things for tradesmen.

LBP, RURAL OTAGO

Many LBPs note that, due to work pressures and the increasing pace of life, they are finding it harder to complete the required number of elective hours. Therefore, they often complete and record these skills maintenance activities in the evenings or weekends – this competes with their other business activities (eg, pricing and planning the next day’s work) and family and social time.

“ We go home and unless you’re a larger company – you’re out there 9, 10 and 12 hours in your day, when you come home you don’t want to think about these points or anything else. You want to spend time with your family.

LBP, AUCKLAND

Because LBPs do not see the added value of the skills maintenance requirements and don't have the time, many do the bare minimum to complete the two-yearly skills maintenance relicensing requirements. They often catch up on elective hours just before their licence is due to be renewed. Some admit to getting their wives and partners to record their activities.

## LBPS DOUBT WHETHER THE COMPULSORY SKILLS MAINTENANCE ACTIVITIES ARE EFFECTIVE OR USEFUL.

Many LBPs are sceptical about the value of reading *Codewords* articles and completing quizzes. While they acknowledge that most articles reinforce or contain important changes in the building industry, they find the information overly technical, text heavy and not enjoyable to read. Consequently, LBPs often skim *Codewords* articles. This casts some doubt on whether LBPs are engaging with the information they need.

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““ When we go to seminars and there are 40 people in the room we ask them “who is receiving *Codewords*?” You’d get 10 hands go up. Of the 10 we ask “who reads it?” You might get 5. Considering that it is mandatory, it is a pretty poor reflection.

INDUSTRY BODY, WELLINGTON

## LBPS VALUE LEARNING WITH PEERS IN INTERACTIVE ENVIRONMENTS MORE THAN THE COMPULSORY CODEWORDS READING AND QUIZZES.

LBPs comment more favourably about the value of keeping up to date with changing industry practices and regulatory change through talking and learning from peers in interactive environments, compared to the compulsory skills maintenance activities about regulatory and technical knowledge. They are generally more positive about getting elective hours through participating in roadshows and sessions hosted by industry suppliers like Mitre 10 and PlaceMakers. As well as formally recognising learning for skills maintenance, LBPs see what they learn from these activities as being easier to apply to their businesses and in their workplaces.

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““ I think the meetings are the best way to get the points as you are interacting with a bunch of builders who you don’t see every day of the week, you get feedback on what is happening and what is going on. When you are on the computer screen you don’t get constructive comments on your work.

LBP, WELLINGTON

LBPs living in Auckland and Wellington believe there are sufficient opportunities to participate in elective skills maintenance seminars and events to perform the required learning hours. However, LBPs living in rural Otago report fewer opportunities locally to get their elective activities.

Many of these LBPs are unwilling or cannot afford to travel to main centres to participate in activities. While industry bodies are making inroads to improve access to training for their members across the country, there is a notable gap in these kinds of skills maintenance activities in provincial and rural areas, and not all LBPs belong to professional associations that provide learning opportunities for their members.

Many LBPs consider that completing the compulsory part of their skills maintenance activities is relatively straightforward, compared to recording elective activities. However, some LBPs – particularly those with learning disabilities and older people who are not confident with computers – find it challenging to read *Codewords* articles and record and submit their skills maintenance activities online.

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““ Being dyslexic it takes me and my partner to sit in front of the computer for two or three hours a month. She reads it to me, which makes it almost impossible for me.

LBP, WELLINGTON

## SKILLS MAINTENANCE REQUIREMENTS DO ENSURE THAT LBPS PARTICIPATE IN CONTINUING PROFESSIONAL LEARNING ACTIVITIES.

Stakeholders generally recognise that building practitioners do not have a formal learning culture and would not ordinarily undertake continuing professional learning activities, largely because they see themselves as upskilling with every new job they do. However, the skills maintenance requirements do mean that LBPs have to participate in continuing professional learning activities in addition to on-the-job learning.

At least one industry body noticed a drop off in attendance in elective activities when changes to skills maintenance requirements in November 2015 reduced the number of hours needed from elective activities.

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““ We have noticed this dramatically when the licensing scheme changed its skills maintenance framework and halved LBP points [for elective activities]. The driver of attending something in the evening to get LBP points now is less and less and we have seen our audiences getting less and less.

INDUSTRY BODY, AUCKLAND

Non-LBPs we interviewed noted that they tend to attend fewer seminars and events and read fewer magazines and publications than their LBP counterparts. Therefore, they recognised that they may be missing out on changes in the building industry that are communicated through channels specific to LBPs.

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“ If you are not licensed you aren't going to seminars and you aren't going to pick up changes. If you are not licensed and it comes out that you have to double nail your windows, how are we meant to know that? We miss out on changes and requirements.

NON-LBP, WELLINGTON

## Stakeholders have expectations about the Scheme's role in lifting competence.

### STAKEHOLDERS EXPECT THE SCHEME TO HAVE A ROLE IN LIFTING LBP COMPETENCE BUT CAN SEE LITTLE EVIDENCE OF THIS.

Stakeholders tended to make judgements about the value of the Scheme based on whether they could see that it was raising LBPs' competence, rather than seeing it as a regulatory tool to make sure RBW is up to scratch and ensure ongoing competence. As a result, they were looking for signs that building practitioners' competence was improving.

Many BCOs, industry bodies, and training providers feel there is insufficient and a lack of reliable evidence to say whether the Scheme has resulted in practitioners being more competent. Many BCOs consider an increase in the number of passed inspections would be a reliable measure of competence across the profession. However, BCA data is not collected in a stable or consistent way and so is not fit for purpose as a way of monitoring competence. Some stakeholders also mentioned the need to instate random audits and spot checks of LBPs' work for compliance monitoring.

While some believe there have been pockets of marginal improvement, others do not think there has been any significant change in competence. However, stakeholders do not consider the Scheme has caused any significant unintended harm.

LBPs also judged the value of the Scheme in terms of whether it had made a difference to the standard of their individual practice. Many think they are just as competent as they were before they became licensed. However, some believe they are more mindful of their actions and those they are supervising because they feel more accountable for their building work.

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“ It makes you think twice before you do something because you know the council have got it all on record and it could come back to bite you if it all falls over. The council also jump on your back about not being able to sign off work if you don't have a licence.

LBP, WELLINGTON

### BCOS PLAY AN INFORMAL ROLE IN UPSKILLING LBPS.

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“ Builders rely on their building inspectors to give them information. This is a hard one because MBIE tells us we shouldn't tell them very much. I personally believe that the more help we give them the better. I'd far rather work on the education side of things to help them get over the line.

BCO, RURAL OTAGO

While BCOs acknowledge that their role is to inspect building work, many provide an informal education function as part of the inspection process. Many LBPs value this support, mainly from BCOs who have been in the trades themselves. Furthermore, many non-LBPs (mostly entry-level practitioners) find the information provided by BCOs useful for building their competence.

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“ You learn a lot if they have to inspect anything, you learn a s\*\*tload from them. If you don't know what's going on, they'll sort you out. They'll spend 20 minutes just to explain, yeah.

NON-LBP, AUCKLAND

### STAKEHOLDERS THINK THE SCHEME WOULD BENEFIT FROM RECOGNISING SKILL PROGRESSION OVER AN LBP'S CAREER.

Stakeholders agree that different competencies are required for different licensing classes, but they also think that these change over the course of a building practitioner's career. For building practitioners who manage and oversee staff, some competencies – supervision competencies, project management and

the legal aspects of contracting – are seen to be more relevant to their roles.

For many stakeholders, this means that they don't think that the Scheme is nuanced enough. Many believe its competency framework does not recognise the standards of competence expected of LBPs at different stages of their careers. They feel this does not inspire LBPs to want to progress, by offering an attractive career pathway. Therefore, they don't think that the Scheme in its current form plays a role in raising the competence of building practitioners progressively over time.

Some stakeholders would like to see a graduated competency framework, from basic to advanced levels (similar to plumbers, gasfitters, and drain layers' licensing). Building on this idea, some suggest redesigning the competency framework to allow graduate apprentices to become entry level LBPs. Over time and with more experience, LBPs could move up the tiers. To reach the highest tier, LBPs would need to be competent at oversight and supervision of building work. They would also need a higher standard of expertise in building regulations.

They believe such a framework would help create a career path for LBPs to become future leaders in the building industry.

## **RELICENSING FREQUENCY COULD VARY FOR DIFFERENT GROUPS.**

Some industry bodies and industry providers feel the underlying principle of licensing reassessment, and the frequency of reassessment, should be reviewed in the context of any future changes to the Scheme.

The Scheme straightforwardly treats all LBPs the same by requiring them to relicense every year, and record and submit skills maintenance as an assessment of their competence every two years. It does not differentiate between LBPs on the basis of the consistency of their demonstrated competence over time. In some other occupational regulation models, frequency of licensing is tied to graduated tiers of licences, from 'new entrants' to 'master practitioners'. For example, some LBPs might be able to relicense less frequently because they are seen to be performing at a consistent standard of competence, based on, for example, inspection pass and fail rates. Others, whose practice might be deemed more variable, could be required to demonstrate ongoing competence more frequently.

## **Competence of LBPs is seen to vary significantly, which undermines the perceived credibility of the Scheme.**

Stakeholders generally consider that the competence of LBPs varies significantly. They believe some LBPs are exceptionally competent, while others are exceedingly poor in their ability to carry out building work. This perceived variation is evident across all case study regions, licence classes and career stages, and this undermines the Scheme's credibility in stakeholders' eyes.

Within LBPs' competency requirements, many BCOs, industry bodies, and training providers recognise that LBPs are relatively competent on the practical, and to a lesser degree the technical side of building work. However, they feel that most LBPs' knowledge of the regulatory environment for building work is weak. Their views are validated by LBPs who say they enjoy the practical and technical sides but often struggle with understanding the regulatory aspects of building work.

## **What do we need to think about for next steps for the Scheme?**

**The credibility of the Scheme is critical to driving uptake, but the sector does not see it providing a reliable standard of competence.**

Stakeholders made judgements about the value of the Scheme based on whether it was raising LBPs' competence, rather than seeing it as a regulatory tool to make sure RBW is up to scratch and ensure a continuing, basic standard of competence. As a result, they were looking for signs that building practitioners' competence was improving. This highlights another area of confusion – understanding of the Scheme's role in the building regulatory system to protect consumers by ensuring minimum and continuing competence, rather than developing workforce capability.

In the earlier section on capacity, we drew the link between capacity, uptake, and motivations for belonging to the Scheme. The Scheme's credibility also drives uptake – stakeholders' views about whether being licensed represented a 'quality mark' were related to whether they thought the competence of LBPs was good enough – overall, they saw the competence of LBPs varying significantly. Some related this to inconsistent or unreliable assessment processes, or the need to have a tiered licensing system to differentiate levels of competence.

This poses questions for MBIE to consider in ensuring that the Scheme is fit for purpose and continues to evolve:

- › How might we approach a redesign of the licensing application pathway, now that the Scheme has bedded in?
- › How might we improve the validity and reliability of the licensing assessment process?
- › How might we adjust skills maintenance requirements so they are more valuable, effective and not seen as purely a compliance exercise?
- › How might we support making continuing professional learning activities more accessible for all LBPs to participate in, regardless of location and ability?
- › To what extent should licensing be structured to recognise tiers of competency? How would this benefit the Scheme?
- › If the Scheme continues to set a minimum standard only, how might we explain how this creates variability in LBP competence above the minimum standard?
- › To what extent is, or should, raising the standard of competence of LBPs be within the Scheme's scope? How would this fit with MBIE's regulatory role and responsibilities in the building and construction sector?
- › If raising LBP competence over time is in scope in the future, how might MBIE and industry training work together?







# Supervision

Since all RBW has to be done or supervised by LBPs, supervision is an integral part of quality assurance and is therefore important for the effectiveness of the Scheme.

Supervision of general building work means providing control, direction and oversight of the building work to an extent that ensures it is performed competently and complies with the building consent. LBPs are accountable for all building work they carry out or supervise, even if it is not RBW. Anyone may supervise work that is not RBW. Only LBPs can supervise RBW, and they can only supervise work that they themselves are licensed to carry out.

Partly this ensures that there is sufficient capacity to complete RBW, without requiring every one doing it is licensed. Supervision is a critical mechanism for ensuring that RBW that is not being done directly by LBPs is still being done competently and in compliance with building consents and the Building Code.

Each LBP who carries out or supervises each part of RBW must complete a Record of Work. This details the work that was done or supervised on the building by an LBP. In practice this means, for any one building project involving RBW, multiple LBPs may need to complete a Record of Work for the parts of the building work they have completed or supervised. Completing a Record of Work does not create any liability over and above that which already exists – it is a mechanism for linking a piece of RBW to the LBP who did it or supervised it.

In the five Trade licensing classes (Carpentry, Roofing, Bricklaying and Blocklaying, External Plastering, and Foundations), there are no supervision competency requirements. The Site licence class does include supervision competencies. Site licence class holders coordinate and oversee the construction or alteration of buildings, but they are not permitted to supervise RBW.

## There are concerns about the level and quality of supervision – work is not being supervised as well as it should be.

There was a general view among stakeholders that supervision is not working as it should be. The commonly cited reason was that, in the current building climate, businesses are under immense pressure to get work completed, meaning that it was more likely that work is often not supervised as carefully as it should be. In these circumstances, supervision can become more about checking that work is going to schedule, than ensuring that it is being done competently and in compliance with the building consent and Building Code.

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“ *It is all done by [...] trust by my old boss. He would turn up, have a yak and head off. He wouldn't really have a look at anything rather than checking that work was getting done. He didn't really care. He loves work, and all he wants to do is keep rolling in the dough. He just trusted me and a couple of other guys working for him, and that was it.*

### NON-LBP, WELLINGTON

Furthermore, there was a general view that many LBPs are doing supervision in a way that reflects the characteristics of their businesses and workplaces, rather than being the best way to provide an appropriate level of supervision. For example, most roofing businesses are small teams who have an LBP on-site so supervision is direct and constant. The same direct supervision is often apparent for carpenters involved in smaller building alterations, like deck alterations. However, in other small carpentry businesses, where the LBPs in the business are off the tools, supervision is general or done remotely.

Supervision practice in large-scale group residential housing in main centres drew some comment, with speculation that it was generally weak. Examples cited were where LBPs in these companies are reportedly supervising a dozen or more sites. Here, where the skill level of those being supervised (generally labourers and hammer hands) was perceived to be low, the potential risks of supervision practices like this, if common, were considered high.

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“ *I don't think [supervision] is working particularly well. The definition of supervision is pretty vague, and certainly, the group home builders will have 12-15 houses that the LBP is looking after and then he has got the apprentices and labourers doing the job. He can't possibly supervise them. He cannot be in 10 places at once. We'll go on-site and do our inspection and usually the LBP supervisor is not there which raises the question how can he possibly be supervising if he is not even there for an inspection.*

### BCO, WELLINGTON

BCOs comment that there are many instances when the LBP is not present during site inspections. Therefore, BCOs are not able to discuss the building work or the appropriateness of supervision. This does not give BCOs confidence that the level of supervision is appropriate.

## THE LACK OF SUPERVISION COMPETENCY REQUIREMENTS, AND MISUNDERSTANDINGS ABOUT THE RELATIONSHIP BETWEEN ACCOUNTABILITY AND RESPONSIBILITY, CREATES CONFUSION.

As noted, the Trade licensing classes have no supervision competency requirements – not having tiers of licensing, where supervision might be an advanced skill, adds to the confusion about how supervision is meant to operate under the Scheme.

The fact that LBPs, regardless of experience, can supervise RBW adds to this confusion. Supervision is seen to be more appropriate for senior licence holders who have more knowledge and experience to be able to tell what good work is. As discussed earlier, some stakeholders suggest changing the Scheme to include a higher tier of LBP to supervise RBW.

However, many LBPs and industry bodies spoke positively about the recent *Codewords* article *Revisiting Supervision*. This recognised the challenge LBPs had with understanding supervision and provided expert guidance on what is good supervision practice.

There also seems to be confusion about how supervision operates when there is more than one LBP undertaking the same work. The requirement for LBPs to complete a Record of Work for their own work and no other LBP, is misunderstood. The requirement is based on the idea that an LBP cannot take on the accountability for work that another LBP has done or supervised. This distinction is not well understood. At least one industry body commented that their members find it bewildering that an LBP cannot supervise another practitioner in the same licensing class.

## RECORDS OF WORK ARE PERCEIVED TO CREATE THE POTENTIAL FOR LBPS TO BE PENALISED AT ANY TIME IN THE FUTURE.

There is confusion over Records of Work. A Record of Work signifies that an LBP was the person who did or supervised a piece of RBW and means that they are traceable. LBPs assume that by declaring that they carried out or supervised the RBW that they are ‘signing off’ that the work was done competently, and that this means that they could be held liable for any future failure of the building. Accordingly, LBPs are often resistant to completing a Record of Work.

## RECORDS OF WORK ARE NOT NECESSARILY BEING COMPLETED BY LBPS WHO HAVE DONE OR SUPERVISED BUILDING WORK.

In some cases, the LBP who completes the Record of Work is often the business owner who may not have either conducted or supervised the work. Wives, partners, and administrative staff are reported to complete Records of Work for LBPs to sign. The explanation that is offered for this is that many building practitioners prefer to be doing work rather than filling out paperwork.

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“ If someone is not licensed, then only my boss will sign off their work. The other licensed guys just won’t do it as why would they? The guys that are licensed are very particular about their Record of Work and are very descriptive on the exact part that they worked on. I think that is fair. If you are unlicensed then the boss should be signing off the work but if you are licensed, then you should be signing it off. It is crazy really because the boss doesn’t even see it, but he signs it off.

NON-LBP, WELLINGTON

## What do we need to think about for next steps for the Scheme?

**Quality of supervision is in doubt: how businesses operate drives practice, and confusion prevails about accountability and liability in relation to Records of Work.**

That the quality of supervision is questionable or inconsistent, and concern that this might be affecting the standard of RBW, was a prevalent view. Supervision practice was seen to be driven by the size and scale of different operations and the spread of work across different sites – how present LBPs could be on-site – rather than best practice. For Trade licence classes, there are no explicit supervisory competencies and any LBP, no matter how inexperienced they are, can supervise RBW.

In the previous sections we drew the link between capacity, uptake, career stage motivations for belonging to the Scheme, and its perceived credibility. Misconceptions about Records of Work also play a part here. LBPs think that declaring that they carried out or supervised the RBW is the same as ‘signing off’ that the work was done competently. The common misconception is that Records of Work make an LBP liable, when they simply record which LBP did or supervised specific work and mean that LBPs can be traced.

This means Records of Work are poorly complied with, which affects how well this mechanism for practitioner accountability can work. And, it may be negatively affecting decisions to join or stay in the Scheme.

This poses questions for MBIE to consider in ensuring that the Scheme is fit for purpose and continues to evolve:

- › How might we refine and clarify the relationship between supervision, accountability and liability?
- › How might we design requirements for supervision that recognise that some LBPs are not ready to supervise others on-site?
- › How might we ensure that there is consistent quality in LBPs' supervision practice?







# Licensing classes

The Scheme has seven licensing classes, based on specific roles or occupations that are deemed crucial to a building's performance with respect to RBW. There are five Trade licensing classes (Carpentry, Roofing, Bricklaying and Blocklaying, External Plastering, and Foundations). There is also a Design licensing class for practitioners who do design work and a Site licensing class for practitioners who coordinate and oversee the construction or alteration of buildings. These licensing classes represent the broad types of work that a person is competent and licensed to undertake. LBPs must not carry out or supervise RBW that is outside of their licensing class.

Except for Carpentry, the other six licence classes include 'areas of practice'. These are specialised types of work within the scope of a licensing class that are deemed to require specific competencies, skills or experience.

There's a reciprocal relationship between the licensing classes and the definition of RBW. Work is only RBW if it falls within scope of an LBP licensing class. To facilitate this, the licensing classes cover the main types of work required to make a home structurally sound and weathertight.

## Stakeholders consider some important aspects of building work are not covered by the current licensing class structure.

Stakeholders believe the Scheme needs to include all types of building work related to work that is critical to making a home structurally sound and weathertight. While the Scheme covers most of these, there are concerns that there are a few notable gaps, including waterproofing and structural repairs.

### WATERPROOF TANKING AND WATERPROOFING

Waterproofing systems in the residential building sector have become quite sophisticated in recent years, and new membrane systems are regularly coming onto the market. Different techniques and waterproofing membrane systems are used across the trades, including below ground tanking<sup>1</sup>, in wet areas, as well as on warm roofs and green roofs.

In 2014, MBIE issued a determination that found that waterproof tanking is not RBW because there is no licensing class covering this work under the LBP Scheme. Many BCOs and industry bodies consider these specific aspects of waterproofing should be part of RBW and, therefore, practitioners would need to be competent to undertake this work<sup>2</sup>. This is because the potential for waterproofing membranes and coatings to be misapplied is high, which would have severe and costly consequences for homeowners. Furthermore, it is often tricky for BCOs to inspect the integrity of waterproofing work, eg in wet areas they are not able to determine the thickness of the membrane application or bond breakers in corners. Therefore, BCOs are relying on practitioners to undertake this work competently.

“ The potential for getting it wrong is quite high, and the resulting damage is massive. There is no accountability for these people.

“ **INDUSTRY BODY, WELLINGTON** Tanking is a very high risk, and that is why you need consent. Yet anyone can pick up a brush and slap a bit on.

**BCO, RURAL OTAGO**

BCOs in Auckland fail many inspections relating to waterproofing in internal wet areas in multi-unit housing. This is an issue because, as it is internal, it is not RBW even though it may be external to the adjacent unit.

<sup>1</sup> 'Tanking' is a general building term for coating or lining walls underground to seal them against water, hence the idea of forming a complete 'tank'.

<sup>2</sup> Waterproofing membrane as a roofing material is covered by the Roofing licence class.

Most multi-unit housing has back-to-back bathrooms, which means that poor workmanship has the potential to affect a number of dwellings. Because this work is not included in the licensing classes, and no Record of Work is required for it, BCOs struggle to know who has carried out the work, making tracing this critical work difficult.

### AREAS THAT SIT OUTSIDE RBW

Some stakeholders consider there are some serious inconsistencies in the way types of building work that are critical to making a home structurally sound and weathertight are treated. For example, exterior painting and reroofing need to be done competently otherwise the exterior of a building can be compromised or may not be watertight. This also includes renovations on old buildings, where minor repairs might reveal structural elements that don't meet current regulation, or involve exposure to hazardous materials. A builder needs to be able to recognise and know how to handle these risks.

As a response to market demands, building practitioners are increasingly developing specialised expertise, creating a need for a system that can manage the accountability gaps between specialisations.

### The licence classes generally reflect the key elements of RBW, but they need to adjust as products and methods change.

The building industry is currently undergoing a number of changes in products and processes. Stakeholders feel that licensing classes may need to adjust to fit with these changes.

### INCREASING USE OF PREFABRICATED HOMES AND BUILDING COMPONENTS

BCOs and industry bodies feel the licensing classes need to be able to adjust to the increasing prevalence of prefabricated (modular) homes and building components that are constructed in a factory before being assembled on-site. They feel that, to be competent in assembling prefabricated homes, practitioners need to be skilled in engineering systems and installing houses to manufacturers' prescribed methods.

### INCREASING NUMBERS OF HIGH-DENSITY AND MULTI-UNIT DWELLINGS

Some stakeholders consider that the LBP Scheme needs to cover work on high-density dwellings and those multi-housing units not currently covered. Currently, high-

density dwellings are excluded from RBW, and only some multi-unit dwellings are included. An LBP licence is only required when carrying out or supervising RBW.

BCOs in Auckland and Wellington particularly emphasised the need to recognise passive fire protection in licensing classes. They consider passive fire protection is essential as it contains or slows the spread of fire in multi-unit housing, for example by stopping and sealing pipe penetrations and wiring.

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“ Having a licence class for [passive fire protection] would give it some structure. Any man and his dog can get some gunk and squirt it around the hole and tell you it's fireproof.

BCO, AUCKLAND

### OVERLAP BETWEEN LICENSING CLASSES

While the industry is getting more specialised and building work getting more complicated, stakeholders do not want the Scheme to become more complex, as has been the case with schemes in overseas jurisdictions.

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“ I know in Australia there are heaps of classes which is ridiculous. It would create a whole heap of additional administration work and confusion about what class you are in as there would be lots of crossovers. We currently have crossovers that are quite simplistic. Carpenters can install roofs which is great. If you have too many crossovers, I would hate to see the diagram on the wall – it would be quite confusing.

INDUSTRY BODY, WELLINGTON

There is also debate about having crossovers in the licensing classes. A crossover is where some work can be undertaken within more than one licence class. While some stakeholders feel the crossovers are pragmatic and offer flexibility, others think there should be clean licensing classes with no crossover (eg between Carpentry and Roofing). In all three case study regions, carpenters did not crossover and install roofs. However, removing crossovers in the licensing classes could affect LBPs in more remote areas of New Zealand where there is less building work and specialisation (eg West Coast).

### SPECIALISTS CARRYING OUT WORK WITHIN THE SCOPE OF THE CARPENTRY LICENSING CLASS

Building practitioners are increasingly developing specialised expertise as a response to market demands,

creating a need for a system that can manage the accountability gaps between specialisations. A range of specialists are carrying out work within the scope of the Carpentry licensing class.

For example, specialist plasterboard installation teams install much of the structural linings to make buildings structurally sound. Many stakeholders commented that some plasterboard installation teams are made up of labourers and hammer hands.

### **The Site licence is recognised as having the potential to meet the needs of managing increasingly complex projects and worksites but has little value in its current state.**

The Site licence was intended for competent professionals in their chosen fields to aspire to, reflecting a change of role from being solely on the tools to being responsible for coordinating and overseeing the building construction or alterations. Its original design intention was to remedy the lack of integration across the different elements of a building that was seen to have contributed to the leaky homes crisis. Some stakeholders recalled that it was sold to industry as being a valuable quality mark that would have marketing and business benefits. However, as consumers are generally understood to have low awareness of the Scheme and its licensing classes, these marketing opportunities for LBPs have not been realised.

However, the Site licence is not working effectively. Site LBPs do not issue Records of Work and are not able to supervise RBW. This means it adds little value relative to the potential to ensure that the different elements of building work are well integrated with each other.

“ We are stuck in no man’s land because we’ve got a regime where we’re trying to encourage supervision. However, the Site licence is gazumped. . . right, it’s completely gazumped by the Carpentry licence so. . . if you are trying to manage the quality of a job on-site and the Site licence person says “oh I don’t like the quality of that,” but the carpenter says “well, I do.” Who has the power? The carpenter, yet his boss, who’s supervising him, is the one in control at a contract level and a relationship level, so you have this unbalanced system of control. We need to go up the chain, or we go down the chain, and you provide licence classes and licensing for those that do the job because it’s best managed where it’s installed.

**INDUSTRY BODY, WELLINGTON**

While uptake was relatively high in the early years of the Scheme, the number of people with Site licences is decreasing steadily. Stakeholders largely attribute this to practitioners perceiving little value in maintaining the licence, and LBPs with both Site and Carpentry classes cannot see good reason for holding both licences.

Since the Site licence has the potential to manage the boundaries between increasing specialisations in building work and to improve the quality of supervision on-site, some stakeholders think it should be amended so it can hold business owners who do not support good practice to account. At this point, the Building Practitioners Board can only sanction a business owner if they are an LBP. Such a licence could focus on people management and supervision and building regulation competencies.

### **What do we need to think about for next steps for the Scheme?**

**Gaps are emerging between licensing classes as sector productivity demands and product innovation lead to more specialisation. The Site licence class is undervalued and ineffective.**

How the Scheme’s licensing classes are structured is fundamental to its ability to adapt to changes in building technology, products and methods. Stakeholders believe the Scheme needs to include all types of building work critical to making a home structurally sound and weathertight. While the licence classes generally reflect the key elements of RBW, there are concerns that there are gaps.

In its current form, the Site licence is the only licence class that has no formal connection to doing or supervising RBW. A Site licence holder cannot supervise RBW, or complete a Record of Work. It is, however, the only licence class that has supervision competencies, even though other licence class holders are able to both do and supervise work.

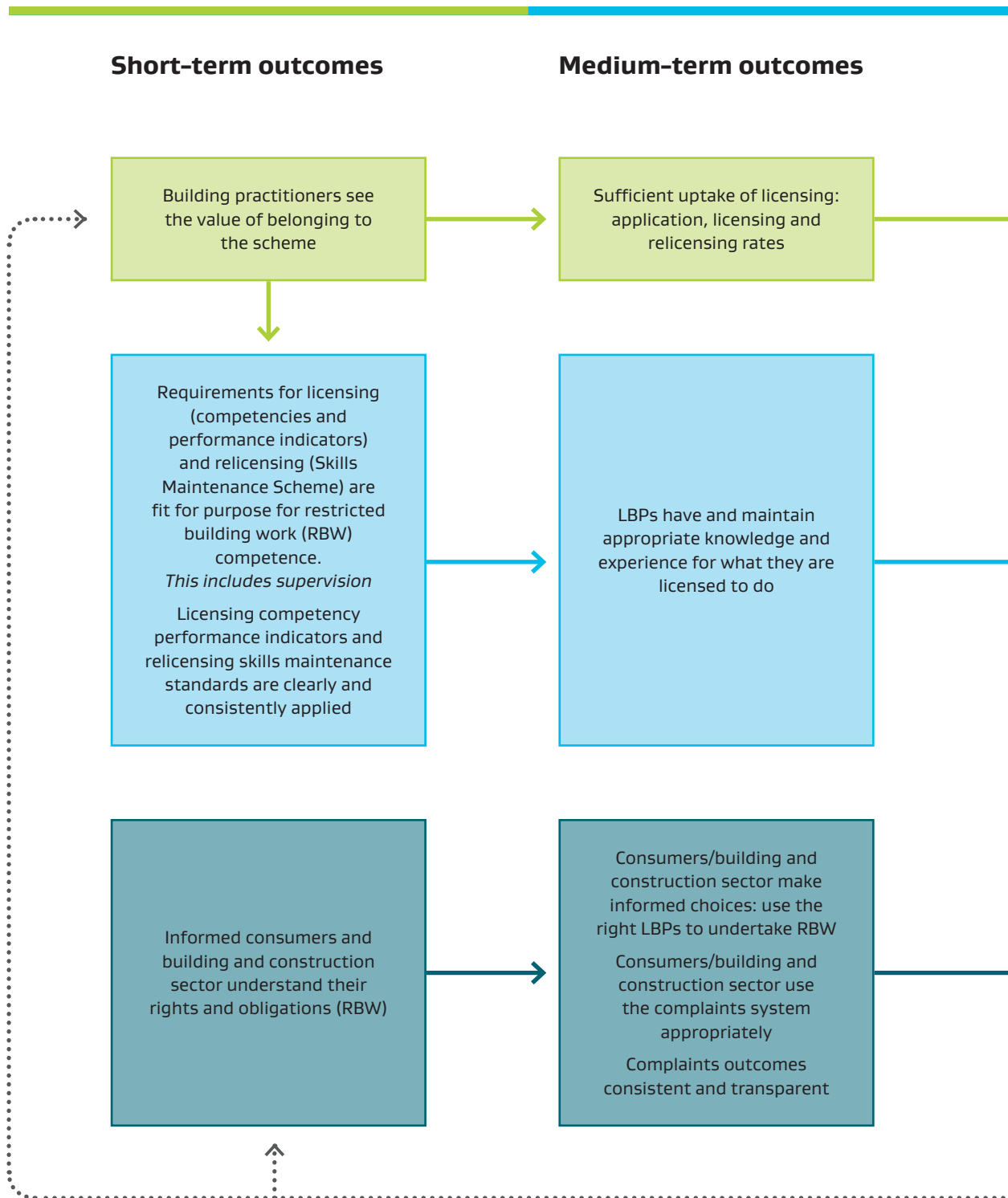
This poses questions for MBIE to consider in ensuring that the Scheme is fit for purpose and continues to evolve:

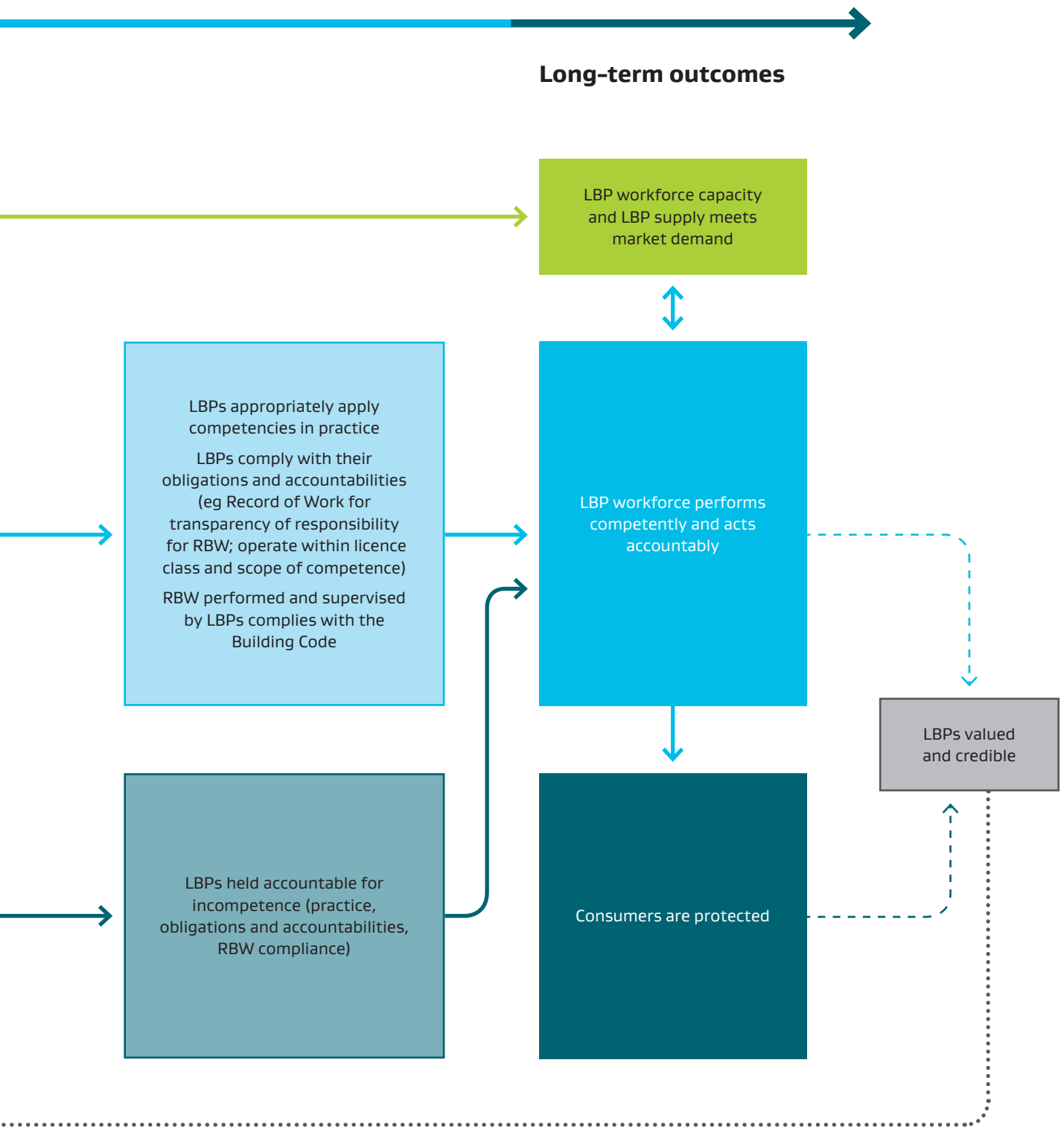
- › How might we adapt the structure of licensing classes to better deal with increasing specialisation, without continually adding new classes?
- › How might we ensure the definition of RBW remains relevant as building products and methods change?
- › How might we better make use of the Site licence to manage gaps between licence classes and improve supervision?



# Appendix 1

## Intervention logic







# Appendix 2

## Method

### Regional case studies

We conducted regional case studies to provide a local system view of the LBP Scheme. Case studies provide an understanding of the dynamics that are operating within the selected regions. They offer an integrated understanding of the issues within the local area from the perspectives of the various external stakeholders.

We selected Auckland, Wellington and rural Otago as case study regions. These regions cover different factors that are known to impact on the building sector and specifically the Scheme. There was also an advantage in having a geographic spread across both the North and South Islands.

The rationale for selecting each region is detailed on the previous page.

We also selected Auckland and Wellington as case study regions as this is where industry bodies, training providers, and other occupational regulatory groups are located.

We developed the sample frame, participant recruitment specifications, participant information sheet and interview and focus group discussion guides in consultation with internal stakeholders.

### In-depth interviews with BCOs, industry bodies, training providers and other occupational regulators

We conducted in-depth, face-to-face interviews with 24 BCOs, industry bodies, training providers and other occupational regulators across the case study regions. The LBP Registrar provided us with a list of stakeholders to interview, based on the recruitment specifications. Interviews were 60 minutes long.

### Focus groups with building practitioners

We conducted three focus groups with LBPs and three focus groups with non-LBPs (comprising 35 building practitioners) in the case study regions. We focused on carpenters, as this is the largest licensing class. All participants were working in residential carpentry for at least 30 hours a week. Focus groups included business owners, sole traders, and employees.

LBP participants all held a Carpentry licence. A few LBP participants also kept a Site licence. Non-LBP participants had a relevant carpentry qualification or, in their opinion, equivalent qualifications or work experience which would enable them to hold a Carpentry licence. While none of the participants in the non-LBP group had been licensed, a few were in the process of becoming licensed.

A professional recruitment company sourced building practitioners from their recruitment panels and invited them to take part in a focus group.

Focus groups were 90 minutes long. Participants received a \$150 supermarket voucher to recognise their time and contribution to the project.

## Sample achieved

Fifty-nine stakeholders participated in an in-depth interview or focus group discussion across case study regions, as detailed in the table below:

SEGMENT	PERSPECTIVE				TOTAL PARTICIPANTS/STAKEHOLDERS
	National	Auckland	Wellington	Rural Otago	
Regulator	1	–	–	–	1
BCO	–	4	4	6	14
Training provider	4	–	–	–	4
Peak body	4	1	–	–	5
LBP focus groups	–	7	3	7	17
Non-LBP focus groups	–	6	6	6	18
<b>Total</b>	<b>9</b>	<b>18</b>	<b>13</b>	<b>19</b>	<b>59</b>

Two members of the project team conducted the interviews and focus groups. The fieldwork was conducted between December 2017 and February 2018.

## Analysis and reporting

We audio recorded and transcribed all interviews and focus groups with participants' permission. Data was organised and managed in NVivo. We undertook a thematic analysis of the data and presented the themes in workshops with internal staff and the Building Practitioners Board. The report was then drafted and circulated for internal review before being finalised.

# Glossary

## Areas of Practice

Each licence class covers a range of skills and expertise and most have distinct areas of practice that reflect groupings of particular skills and expertise. Many of the licence classes have subsets called 'Areas of Practice' which is a specific field of practice within a licence class.

If building practitioners apply for a licence class that has Areas of Practice, they elect in which of these they wish to have their competency assessed.

Licence class holders are entitled to do all the work covered by that class, even if they have been assessed in only one of the Areas of Practice within that class. This means the Areas of Practice do not limit what work LBPs can do – they can work outside of an Area of Practice, as long as they stay within their licence class and work within their competence. If an LBP wants to do or supervise RBW for something that they are licensed to do but don't necessarily have the skills or expertise for (eg, a different Area of Practice), it is important they ensure they have appropriate support and mentoring to work competently. If an LBP takes on a job outside their competence and things go wrong, the Building Practitioners Board may take disciplinary action.

## Building Act 2004 (the Act)

The Building Act 2004 and associated regulations govern the building sector and also set out the rules for the construction, alteration, demolition and maintenance of new and existing buildings in New Zealand.

## Building Code

The Building Code is contained in regulations under the Building Act 2004.

## Building Control Official (BCO)

A BCO is a person who performs building control functions, such as processing building consents, undertaking inspections of building work, or issuing Code Compliance Certificates. BCOs who do a technical job must hold an appropriate technical qualification.

## Building Consent Authority (BCA)

A BCA can exercise powers under the Building Act 2004 related to the performance of building control functions. An organisation or person must be accredited and registered to be a BCA.

## Building Practitioners' Board (the Board)

The Board is an independent body that oversees the LBP Scheme. While the Ministry of Business, Innovation and Employment (MBIE) administers the day-to-day running of the Scheme, the Board has several key functions, such as:

- › approving the Scheme's 'Rules', together with the Minister for Building and Construction (the Minister), that LBPs must follow
- › hearing appeals against licensing decisions made by the Registrar for Building Practitioner Licensing (the Registrar)
- › dealing with complaints about LBPs
- › disciplining LBPs if necessary
- › reporting on these functions to the Minister.

## Code Compliance Certificate

Code Compliance Certificates are issued by a BCA confirming that certain building works have been completed and comply with the building consent.

## Licensed Building Practitioner (LBP)

A building practitioner whose name has been entered onto MBIE's register of Licensed Building Practitioners, and who is permitted, within their licence class, to design, construct or supervise RBW.

## LBP Scheme Registrar

The Registrar makes decisions about licensing applications and renewals, maintains the Public Register and sets the requirements for the LBP skills maintenance programme. The Registrar also supports the Board's investigations of complaints against LBPs. MBIE administers the Scheme's day-to-day running and appoints the Registrar.

## Licence classes

The Scheme's licence classes are based on specific roles or occupations crucial to building performance. Building practitioners can apply to be licensed in more than one licence class but must demonstrate they meet the minimum standards of competence in each class for which they apply. The Scheme currently has seven licence classes that fall into three categories (Design, Trade and Site).

## Licence class – Design

The Design licence class is for those who do design work for category 1, 2 or 3 buildings. Some design work is RBW and must be carried out or supervised by someone with a Design licence class. (There are three categories of buildings related to the LBP licence classes and Areas of Practice, differing by type of building based on risk factors, complexity and intended use.)

LBP doing RBW design work must complete a Certificate of Design form, and supply this with building consent applications. It identifies what design work has been undertaken, by whom, and the details of that design work.

LBP with a Design licence class can both design and supervise RBW design.

## Licence class – Site

The Site licence differs from other licences – rather than being for building work itself, it covers its coordination and oversight. (Site licences are also related to building categories, like Design licences.) Site LBP cannot carry out or supervise RBW because they are not licensed to do building work. This means Site LBP cannot issue Records of Work.

## Licence classes – Trade

Five of the seven licence classes are Trade licence classes. These reflect the different trades involved in building construction and alteration. Individuals who carry out or supervise RBW in these areas must hold the appropriate Trade licence.

## Licensed Building Practitioners Rules 2007 (The Rules)

The Rules set out the minimum standards for each licence class and its Areas of Practice. These specify the competencies and performance indicators (developed by industry representatives) that describe what an LBP should know and what they should be able to do.

## Minimum standards of licensing

The LBP Rules set out the minimum standards of licensing for building practitioners. They also include the minimum standard of current competence that must be demonstrated through ongoing skills maintenance. These standards are used to assess applicants to determine whether they are entitled to be (or to remain) an LBP. If an LBP does not keep their skills and knowledge up to date through skills maintenance, the Registrar may suspend their licence.

## Record of Building Work (construction)

All LBP who carry out or supervise RBW must complete a Record of Building Work – Construction form when the work is finished. This is to ensure that the home owner and Territorial Authority (usually the local council) have an accurate record of the LBP who carried out or supervised RBW on a particular project. It must be provided to the homeowner and the Territorial Authority when RBW is finished. LBP engaged for part of a wider job need to provide a Record of Work when their involvement in the RBW is completed, not when the whole job is completed.

## Relicensing

LBP must renew their licence(s) each year and pay an annual relicensing fee. Every second year that they relicense, they must meet the skills maintenance requirements.

## Restricted building work (RBW)

RBW is work that is critical to make a home structurally sound and weathertight. It is residential design, construction or alteration work that:

- › requires a building consent, and
- › involves or affects a home's primary structure, weathertightness, or certain fire safety design.

RBW is residential work that includes multi-unit residential buildings up to 10 metres in height – it does not include commercial or mixed-use building work. Only work that is covered by one of the licence classes is RBW.

## Skills maintenance

All LBP need to keep up to date with changing industry practices and regulatory changes by completing a set of skills maintenance activities. LBP must renew their licence(s) every year. Every second year they must record and show that they have completed required skills maintenance activities – learning activities that help ensure they continue to meet the minimum standard required to keep their licence(s).

The skills maintenance requirements involve compulsory and elective activities.



## Supervision

Supervision of general building work means providing control, direction and oversight of the building work to an extent that ensures it is performed competently and complies with the building consent. LBPs are accountable for all building work they carry out or supervise, even if it is not RBW. Anyone may supervise work that is not RBW.

For supervision of RBW, LBPs need to provide enough support for those doing the work to ensure that it is done competently and carried out according to the building consent. LBPs do not need to be on-site all the time, but must be satisfied that those they are supervising are sufficiently skilled in the aspects of the work. This is because LBPs are accountable for the work of unlicensed practitioners and for the work's quality and Building Code compliance (as per the building consent).

LBPs must be licensed in the appropriate class to carry out RBW, or supervise unlicensed people to do so. It is an offence under the Building Act 2004 for unlicensed practitioners to carry out or supervise RBW. Local councils are able to issue instant fines, or take the matter to court. MBIE can also prosecute.

An LBP cannot supervise another LBP in the same class since both are individually accountable to the Board for the work they do, and this accountability cannot be transferred to a supervisor. This does not mean that two LBPs cannot assist or mentor each other, but they cannot take responsibility for each other's work. They must both provide Records of Work if they both undertake RBW.





