

Key Building System Performance projects and initiatives – December 2019 update

Priority projects

Project/Initiative	Responsible manager	Current status/Sector involvement	Next steps/Government decision expected
Partner with industry and work together			
<p>Construction Sector Accord</p> <p>Aim: To develop and implement a Construction Sector Transformation Plan that transforms the sector for the success of New Zealand.</p>	Judy Zhang	<p>The Construction Sector Accord sets the scene for real action, starting with a joint commitment and genuine partnership between Government and the building and construction sector.</p> <p>A key part of the commitment was to engage more widely with industry to develop an action plan to address the challenges and transform the sector through behaviour and culture change.</p> <p>The Construction Sector Transformation Plan that sets out the activities that will be delivered by industry and government from 2020 is finalised. It has been endorsed by Accord Ministers, government agencies and industry leaders.</p> <p>However, due to the recent tragic event at Whakaari/White Island, it has been decided to wait until the New Year to share the Transformation Plan and the actions for change. Thank you for your understanding at this time.</p> <p>Sign up for updates at www.constructionaccord.nz.</p>	An update on the Construction Sector Transformation Plan will be announced in January 2020.
Define a long-term measurable strategy			
<p>Building System Strategy</p> <p>Aim: Develop a Building System Strategy to set a clear direction for New Zealand's building system over the next 10-15 years.</p>	Janet Blake	<p>The strategy will set the long-term vision of the building regulatory system, supported by a performance measurement framework to regularly assess system performance.</p> <p>Having a Building System Strategy in place will support MBIE in its role as steward of the building regulatory system.</p>	MBIE is expecting to publish the strategy early next year.

Enable and support the sector to respond to challenges

Building System Legislative Reform Programme

Aim: Improve the building regulatory system by strengthening and modernising New Zealand's building laws.

Make roles and responsibilities clear so people know what to do, make the right information available when it's needed, and hold people accountable to the responsibilities of their role.

Katrina Quickenden

The building law reforms have been split into two phases.

Bill 1 is the [first set of decisions](#) for the building law reforms; for building products and methods, the building levy, and offences, penalties and notifications.

Government has agreed on these proposals. Legislation is being drafted, the regulations are being developed with stakeholders, and material designed for implementation.

Last week, MBIE announced the first change to [reduce the building levy rate](#) will be effective from 1 July 2020. This means the levy rate will be reduced from \$2.01 to \$1.75 (including GST) for any building work that is over the \$20,444 threshold (including GST), lowering the cost for consenting by about \$80 (based on an average new build in Auckland).

It is also expected the offences and penalties changes are likely to be effective through legislation in mid-2020.

Bill 2 includes changes that ensure people are accountable and skilled for the work they do through occupational regulation, with a particular focus on engineers and licensed building practitioners.

Following public consultation, Bill 2 proposals have been re-considered and developed with stakeholders to provide Ministerial advice.

In addition to these two Bills, work is progressing to consider protection for homeowners with guarantee and insurance products, and changes to risk and liability.

Read more about the [Bill 1 building law reform changes and timeline](#) on the building.govt.nz website. Information about the [building law reform consultation and summary of submissions](#) is on the MBIE website. [Sign up for updates](#).

Bill 1 legislation is currently being drafted. The Select Committee process commences early 2020 to mid-2020 with the Bill being introduced during this time. Select Committee is an opportunity to engage and provide feedback.

Bill 1 regulations are being developed with stakeholders through 2020, with consultation early 2021.

How these will be **implemented** will be designed and tested with stakeholders from now until early 2020, and detail developed through next year.

Engagement with stakeholders on **additional phases** (occupational regulation and risk and liability) to develop proposals will be from now to mid-2020.

<p>Construction Skills Action Plan</p> <p>Aim: For Government and the building and construction sector to work together so skilled people are available to meet the current and future needs of New Zealand's construction workforce.</p>	<p>Janet Blake</p>	<p>The cross-agency Construction Skills Action Plan was launched in October 2018. It has six initiatives with a collective target of supporting an additional 4,000 people into construction-related training and employment.</p> <p>All six initiatives are now being implemented:</p> <ul style="list-style-type: none"> • Skills for Industry (MSD-led) • Mana in Mahi – Strength in Work (MSD-led) • Growing Construction Careers and Credentials (TEC-led) • Jobs and Skills Hubs (MBIE-led) • Leveraging Government Procurement (MBIE-led) • Immigration settings (MBIE-led) (not included within target) <p>You can keep up-to-date with progress on the Construction Skills Action Plan at www.skillsinconstruction.govt.nz. This site includes information about how the initiatives can help employers to find and train new workers. It also connects people looking for a career in construction to information about jobs and training, through TEC's initiative 'growing careers and credentials'.</p> <p>MBIE has also worked with industry leaders through the Construction Sector Accord to identify ways that industry will participate in, support and promote the Action Plan initiatives. This information will be published on the Skills in Construction and Construction Sector Accord websites.</p>	<p>Agencies will continue implementation of their initiatives as planned for the Construction Skills Action Plan duration to October 2021.</p> <p>Future initiatives to support the capacity and capability of the construction workforce will be delivered through the Construction Sector Accord.</p>
<p>Building Code Delivery Framework</p> <p>Aim: Strengthen management of the Building Code so it is consistently updated, sets clear minimum performance requirements, and allows for sector innovation and best practice.</p>	<p>Dave Robson</p>	<p>This work focuses on improving the current maintenance and risk settings in the Building Code, as well as educating users and strengthening relationships. It will help us decide where to invest to manage risk and remove barriers to compliance.</p> <hr/> <p>The most recent Building Code update was published in November 2019. The most significant changes are:</p> <ul style="list-style-type: none"> • buildings on ground prone to liquefaction and lateral spread will require more robust foundations • citing an Acceptable Solution for light steel framing housing • promoting energy efficient lighting. <p>You can sign up to the Building Control Updates newsletter to learn about the bi-annual changes.</p>	<p>The next public consultation for proposed changes to the Building Code will run from 17 February to 27 March 2020.</p>

		<p>-----</p> <p>The BCTRAG (Building Code Technical Risks Advisory Group of sector representatives) is an external advisory group that provides technical risk advice to MBIE. The latest meeting was held on 27 November 2019.</p> <p>Members were updated on the building law reforms and presented a proposal for MBIE to produce documentation that replaces third party material. Members were asked for feedback on the risk of this approach, costs and benefits.</p> <p>Four submitted risks were discussed:</p> <ol style="list-style-type: none"> 1. Alignment of design standards with building life and changes in loading from climate change 2. Making the Building Code climate change ready 3. Tiny home compliance pathways 4. Independent Qualified Person's not being able to identify performance standards <p>The group agreed to continually consider risk strategically and seek to identify emerging risks where action can be taken early.</p> <p>Find out more about the BCTRAG, including the risks discussed, meeting minutes and function.</p>	<p>The advice provided by the BCTRAG will be considered in the context of MBIE's work program.</p>
--	--	---	--

Emerging and system priorities

<p>Building for Climate Change Programme</p> <p>Aim: To make the built environment 'climate change ready' by:</p> <ul style="list-style-type: none"> Reducing greenhouse gas emissions from energy use in buildings Minimising the carbon impact of building materials Enabling buildings to adapt to future climate conditions. 	<p>Dave Robson</p>	<p>In November 2019 the Minister for Building and Construction approved MBIE undertaking a programme of work for the building regulatory system to support Government's climate change objectives.</p> <p>The programme includes:</p> <ul style="list-style-type: none"> Quick updates to the Building Code to achieve greater energy efficiency in new buildings Longer-term policy and technical work to ensure an effective climate change response across the whole built environment. <p>MBIE is considering the effect of building on greenhouse gas emissions, as well as how the Building Code can ensure resilience for future climate conditions, such as extreme weather. There are also co-benefits such as lower energy costs, and unintended consequences of change to consider.</p> <p>MBIE is also continuing to engage with other government agencies to coordinate actions and feed into cross-agency climate change work.</p>	<p>MBIE expects to consult on an initial set of Building Code updates for energy efficiency later in 2021.</p> <p>MBIE will start the longer-term policy and technical work immediately.</p> <p>MBIE expects to develop a trajectory for staged reductions in greenhouse gas emissions from new buildings by late 2021.</p>
<p>Retention Money in Construction Contracts – implementation review</p> <p>Aim: Assess the implementation progress and early impacts and the industry's response to the retention money provisions introduced in March 2017.</p>	<p>Katrina Quickenden</p>	<p>The Construction Contracts Act (2002) allows for the protection of retention money withheld under commercial construction contracts.</p> <p>KPMG has completed its independent review of the implementation progress, early impacts and industry response to the retention money provisions introduced in March 2017. Industry input has been crucial in informing this review. The KPMG report has been provided to the Minister.</p>	<p>The report is with the Minister and is expected to be published this month.</p>

<p>Earthquake-prone buildings Aim: To ensure New Zealand has safe, healthy and durable buildings and support territorial authorities to manage buildings that are potentially earthquake-prone.</p>	<p>Katrina Quickenden</p>	<p>Regulations to ease the impact of earthquake strengthening for provincial New Zealand were made in November 2019 and commence on 16 December 2019.</p> <p>A change to the substantial alterations provisions of the earthquake-prone building (EPB) management system means the requirement to strengthen at the same time as a substantial alteration will only trigger when the alteration is at least 25 per cent of the building's value and the building work is more than \$150,000. It will allow modest and progressive upgrades to be made to lower value EPBs, such as fit outs for tenancies, without requiring earthquake strengthening to be carried out at the same time.</p> <p>More information will be available at www.building.govt.nz.</p> <hr/> <p>MBIE is working with The Treasury to develop details for financial assistance for residential building owners with earthquake-prone buildings, including who will be the administering agency. \$23.3m has been allocated over four years. MBIE is also doing further work on possible options for extending remediation timeframes on earthquake-prone building notices.</p> <hr/> <p>Under the Building Act, territorial authorities are required to identify potentially earthquake-prone buildings (EPBs) and report to MBIE regularly on their progress. The latest report, which covered both high and medium seismic-risk areas, was published in November.</p> <p>Transition to a single national EPB management system is nearing completion; progress with community consultation on busy and strategic routes is wrapping up; and confidence is high that the 1 January 2020 deadline for identification of all potentially priority earthquake-prone buildings in high seismic-risk areas will be met.</p> <p>In the past reporting period, 1,302 potentially earthquake-prone buildings were identified, 2,147 engineering assessments were received, 437 buildings were determined to be earthquake-prone, and 384 EPB notices and approximately 112 pre-1 July 2017 s124 notices were revoked, as the buildings had been fixed and are no longer earthquake prone.</p> <hr/>	<p>Amendments to the substantial alterations regulations are expected to take effect in December 2019.</p> <p>Government decisions on the detail of financial assistance for EPB residential building owners are expected before the end of 2019.</p> <p>By 1 January 2020, 38 territorial authorities must have completed identifying an estimated 700 remaining potentially earthquake-prone buildings in their areas of high seismic risk.</p> <p>In July 2020, territorial authorities report for the first time on progress in low seismic risk areas.</p>
---	---------------------------	--	---

		<p>As part of MBIE's efforts to make minor adjustments to the EPB management system introduced in 2017, MBIE is also conducting an evaluation. It aims to find out if the system is working as intended and if unanticipated consequences have arisen. The purpose is to provide insights and information that help to learn, collaborate and improve.</p> <p>The evaluation includes interviews of people who use the EPB management system and stakeholders, analysis of administrative data, and surveys of territorial authorities and the general public. A workshop to discuss gathered information has been held and an evaluation report will be developed.</p>	The evaluation findings will be published on the MBIE website and shared with key stakeholders early 2020.
<p>Building Amendment Act Aim: To improve the system for managing buildings after an emergency, and to provide MBIE with powers to investigate building failures.</p>	Katrina Quickenden	<p>A Bill with two new sets of powers under the Building Act has been passed by Parliament. They are to improve the system for managing buildings after an emergency, and to provide MBIE with legislative powers to investigate significant building failures.</p> <p>Read the Minister for Building and Construction's release.</p>	<p>The Amendment Act will commence on 18 December this year.</p> <p>The Building (Forms) Amendment Regulations will commence on 10 January 2020.</p>
<p>Dam Safety Aim: To ensure there are appropriate procedures in place for the management of dam safety incidents or emergencies.</p>	Katrina Quickenden	<p>Consultation on the proposed dam safety regulatory framework closed on 6 August 2019. A total of 106 unique submissions were received. Not all submitters chose to comment on all aspects of the proposed regulations.</p> <p>A summary of submissions is on the MBIE website.</p> <p>MBIE has used submission feedback and worked with a dam safety technical working group and other government agencies to develop policy proposals, which are now with the Minister for Building and Construction for consideration.</p>	Advice is with the Minister to confirm next steps.