

# Building law reforms overview

NOVEMBER 2019

**BUILDING  
PERFORMANCE**

A range of changes are being made to the Building Act. This is to make the building regulatory system more efficient, lift the quality of building work, and provide fairer outcomes when things go wrong.

## Bill 1

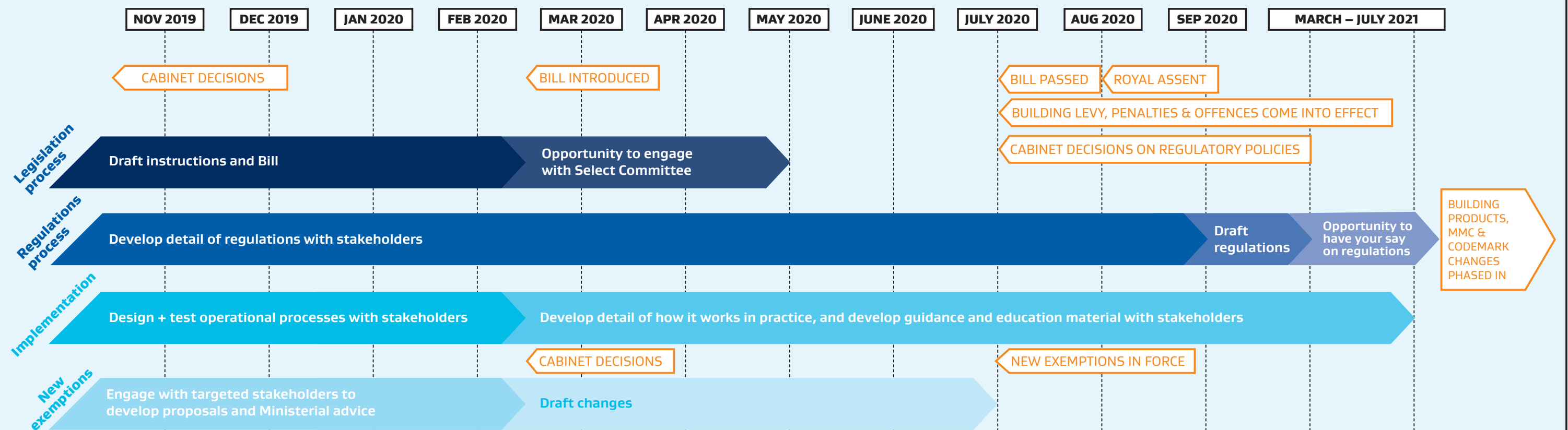
Bill 1 includes changes to building methods and products, the building levy, and offences, penalties and public notification.

## Bill 2

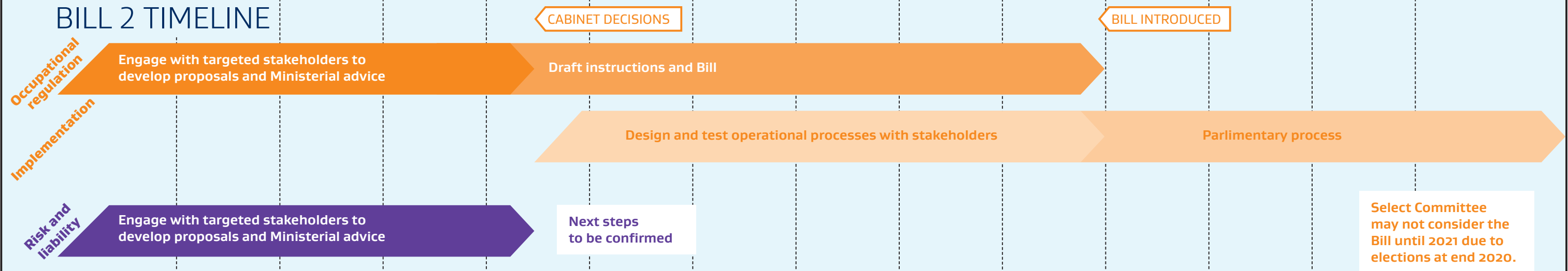
Bill 2 includes changes that ensure people are accountable and skilled for the work they do through occupational regulation.

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.

### BILL 1 TIMELINE



### BILL 2 TIMELINE



Bill 1

CHANGES BEING PROGRESSED

Government has agreed on these proposals. Legislation is being drafted, the regulations will be developed with stakeholders and material designed for implementation. The building levy and offences and penalties are the first changes to be effective through legislation in mid-2020.

Building methods and products

| Agreed changes                                                                                                                                                                             | Objectives                                                                                         |                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Manufacturers and suppliers of building products will need to make a minimum level of information publicly available.                                                                      | People have information to make good decisions about products.                                     | <i>Widespread support for the proposals.</i><br><br><i>Building Consent Authorities said these changes will help improve the consenting system.</i> |
| People will know their role and responsibilities.                                                                                                                                          | People are accountable for building methods and products.                                          |                                                                                                                                                     |
| A new Modern Methods of Construction (MMC) factory certification scheme for prefabrication and off-site manufacturing will be introduced.                                                  | Consenting is faster as BCAs have information needed to ensure compliance.                         |                                                                                                                                                     |
| CodeMark, the existing product certification scheme, will be strengthened. MBIE will approve product certificates and certification bodies as well as investigate, suspend or revoke them. | Products are used in the way intended.                                                             |                                                                                                                                                     |
|                                                                                                                                                                                            | Risky methods and products are kept off the market with warnings and bans.                         |                                                                                                                                                     |
|                                                                                                                                                                                            | Consenting for MMC is easier and more efficient with less building consents and inspections.       |                                                                                                                                                     |
|                                                                                                                                                                                            | Confidence in CodeMark increases, making consenting more efficient and buildings safe and durable. |                                                                                                                                                     |
|                                                                                                                                                                                            | Building time and costs are reduced, and houses can be built that are affordable.                  |                                                                                                                                                     |
|                                                                                                                                                                                            | The quality of building work improves.                                                             |                                                                                                                                                     |

Building levy

| Agreed changes                                                                                                                      | Objectives                                                                                                                                                                                    |                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| The building levy charged during consenting will reduce from \$2.01 to \$1.75 incl GST (per \$1,000 above a threshold of \$20,444). | Decrease the cost of building consents by around \$80 for an average new build, and by \$5,200 for a \$20 million commercial project.                                                         | <i>The majority supported the threshold and stewardship proposals.</i><br><br><i>BCAs and industry bodies said the levy rate should not be changed.</i> |
| The levy will be used for broader stewardship of the building sector, such as the Construction Sector Accord.                       | Reduce the current building levy surplus without affecting MBIE’s service.<br><br>Support MBIE to act in its role as wider steward of the building regulatory system so it’s high performing. |                                                                                                                                                         |

Offences, penalties and public notification

| Agreed changes                                                                    | Objectives                                                                |                                              |
|-----------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------|
| Higher penalties for individuals and organisations will apply.                    | Deter sub-standard work and poor behaviour from people and organisations. | <i>Widespread support for the proposals.</i> |
| Enforcement agencies will have 12 months (moved from six months) to lay a charge. | Allow time for thorough investigative work.                               |                                              |
| Changes to the Building Act can be notified online.                               | Recognise people get information through multiple channels.               |                                              |

Bill 2

PROPOSALS

Following public consultation, Bill 2 proposals have been re-considered and developed with stakeholders to provide Ministerial advice. See the timeline to learn more about the process.

Engineers

| Proposals                                                                             | Objectives                                                                                                                     |                                                                                                                                                            |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Restrict who can carry out safety-critical engineering work.                          | People have the right skills, behaviour and experience for the complexity of safety-critical engineering work.                 | <i>Disagreement on where to set the thresholds for restricting work.</i><br><br><i>Further work needed on detailed legislative settings for engineers.</i> |
| Introduce a new licensing regime for engineers doing restricted safety-critical work. | People are accountable for sub-standard work.<br><br>People have confidence in the skills and ability of those doing the work. |                                                                                                                                                            |

Licensed Building Practitioners

| Proposals                                                                                               | Objectives                                                                                                                      |                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Demonstrate competencies and introduce behavioural standards for Licensed Building Practitioners (LBP). | The quality of the LBP scheme improves, increasing consumer confidence.<br><br>Skilled people result in improved build quality. | <i>Strong support for the intent behind the proposals.</i><br><br><i>Identified additional ways to improve the Licensed Building Practitioners scheme.</i> |
| Investigate alternative proposals for regulating complex commercial building suggested by stakeholders. | Complex commercial building risks are better managed.                                                                           |                                                                                                                                                            |
|                                                                                                         | People have confidence in the skills and ability of those doing the work.                                                       |                                                                                                                                                            |

Plumbers, gasfitters and drainlayers

| Proposals                                                                                                    | Objectives                                                                                                                 |                                             |
|--------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Remove exemptions that allow unlicensed people to carry out plumbing, gasfitting and drainlaying (PGD) work. | People who carry out skilled work have the right level of competence.<br><br>People are accountable for sub-standard work. | <i>General support for these proposals.</i> |