

Cost-effective quality: next generation building control ***Building Act review discussion document***

Questions and Answers

1. What is the Building Act Review?

The Government wants to reduce building and construction costs without compromising quality. A review of the Building Act, started in August last year, is aimed at achieving that goal. The terms of reference are available at <http://www.dbh.govt.nz/buildingactreview>.

This review is part of the *Better Building Blueprint*, a series of measures that will make it easier and cheaper to build good quality homes and buildings.

In the first phase of the review, the Department of Building and Housing worked with representatives of the building and construction industry, local authorities, and home owners, to identify what could be done. They found that there have been much-needed improvements in the quality of building work since the Act was introduced in 2004, but the system was more costly than necessary and less efficient and effective than it could be.

The second phase of the review is to consult on proposals to update the system.

2. What's happening now?

We are consulting on a package of proposals for amending the Building Act. The proposals are set out in the discussion document called *Cost-effective quality: next generation building control in New Zealand*.

This document was published on 26 February 2010 and consultation is open until 23 April 2010.

You can download it from the Department of Building and Housing website www.dbh.govt.nz/consulting-on-building-act

3. What are the main proposals?

Broadly, it's proposed that the amount of checking and control by councils should be in proportion to the risk and complexity of the building work and the skills of the people doing the work. The people doing the work would take more responsibility for building it right first time, backed up by a written contract. The key proposals are:

Moving to a more balanced building consent system

- Lowest-risk building work (such as a basic shed or a low deck) would not need a consent

- Low-risk building work (such as a simple, one-story house) would go through a quicker, simpler consenting process with fewer council inspections and more reliance on the skills of licensed building practitioners to get it right first time
- High-risk, more complex houses would continue to go through the current approval and inspection process
- Complex, major commercial building work would go through a simpler process than it currently does, recognising the experience and skills of those involved and that commercial contracts for major projects include quality control.

Rebalancing responsibility

- Building professionals and tradespeople would take more responsibility for making sure their work meets Building Code requirements. Licensing of building practitioners will identify those with the relevant skills

Better tools for consumers

- Better equip homeowners to hold building contractors to account, with more information and mandatory written contracts setting out what's expected, how any faults would be fixed, how disputes would be resolved and details of financial backing (surety).

Related improvements

- Make sure the fundamental elements of the system – the Building Code and the purpose and principles of the Building Act – are clear.
- Explore ways of making the administration of the system more cost-effective.
- Simplify processes to review the fire safety of building plans and the inspection and maintenance of essential systems such as fire sprinklers and lifts.
- Examine whether the building consent system is the best way to regulate public infrastructure works such as bridges and tunnels.

4. When will these changes be made?

These proposals are up for discussion and open to change. After the end of the consultation period (23 April) the Department of Building and Housing will report back to Cabinet with recommendations for amending the Building Act. Cabinet is expected to make decisions at the end of June. Legislation will then go through the Parliamentary process including Select committee hearings before changes are implemented.

5. What would this mean for Building Consent Authorities?

If the package is enacted, we would expect the number of building consents and inspections to drop by 10 to 15 percent.

The Government is interested in finding improvements to the way building consent functions are administered across the country to reduce costs and improve efficiency and consistency.

The Department of Building and Housing will be taking on board feedback from the consultation process and working with local government to develop some options for the Government to look at in June.

6. What would this mean for builders and other tradespeople and building professionals?

In some circumstances, licensed building practitioners and other building professionals would be responsible for ensuring their work meets the Building Code, rather than relying on councils to do this. For more about licensing see <http://www.dbh.govt.nz/lbp>.

In the residential sector, the principal building contractor would be required to have a written contract with the consumer, including what will be delivered, what's covered by warranty (guarantee), what financial backing (surety) exists (if any) to back up the warranty, and how any disputes will be resolved.

The Registered Master Builders Federation and the Certified Builders Association New Zealand already offer standard contracts and guarantees and have surety backing for their members.

This package of proposals is expected to motivate building professionals and tradespeople to step up to the responsibility of building it right first time, and over time we'd expect to see better quality and more innovation.

7. What would this mean for people commissioning residential building work/homeowners/consumers?

Homeowners commissioning building work would be well-informed about the consequences of their decisions; for example if they agreed to hire a builder without a written contract or warranty or surety provisions, then they would know that it may be more difficult to get any problems fixed.

Mandatory written contracts would make it quicker and easier to get faults fixed, with less likelihood of ending up in court.

8. Would people still be able to do building work themselves?

Yes – but they would have to let subsequent buyers of the property know. This already applies if a DIYer wants to do restricted building work under the licensing regime. <http://www.dbh.govt.nz/lbp-faqs-restricted-building-diy>