

Legislative statement

Legislative Statement: Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill - Second Reading

Presented to the House in accordance with Standing Order 272.

Overview

The Building (Building Products and Methods, Modular Components, and Other Matters) Amendment Bill (Bill) is Phase One of a programme of reforms to the building regulatory system that will lift the efficiency and quality of building work and provide fairer outcomes if things go wrong.

The Bill proposes a number of changes to the Building Act 2004. Collectively, these changes are expected to improve trust and confidence in the regulatory system and building sector, with greater opportunity for economies of scale and a reduced risk to New Zealand's reputation from product and building defects.

The Bill complements a range of other work underway to lift sector performance, for instance work being driven through the Construction Sector Accord's Construction Sector Transformation Plan launched in 2020.

Phase Two of the reforms will progress reforms to occupational regulation focused on ensuring people have confidence in engineers and regulated building practitioners and their work.

The following is a brief summary of the policy measures contained in this Bill.

Introduction of minimum requirements for information on building products

The Bill proposes the introduction of minimum information requirements for building products, and sets out the general obligation for suppliers to ensure that the products they supply meet these requirements. This will ensure a clear and consistent level of information on all building products.

Creation of a modular component manufacturer scheme

The Bill proposes the establishment of a new voluntary certification scheme for modular component manufacturers. This scheme will enable modular component manufacturers who meet certain criteria and standards to be certified to produce modular building components within a defined scope of practice. Those modular components will be deemed to comply with the Building Code. A certified manufacturer will also need to be registered by the Ministry of Business, Innovation and Employment (MBIE) and comply with the requirements of that registration.

Strengthening the product certification scheme

The Bill proposes new registration requirements for product certification bodies. MBIE will have power to audit product certification bodies and suspend or revoke registrations where appropriate. Product certificates will be reviewed annually. Under the proposed changes, MBIE will also have power to investigate complaints against a product certification body and to take disciplinary action, including suspending product certificates issued by the product certification body where appropriate, and to make rules for the product certification scheme.

Additionally, the Bill proposes the creation of an offence, whereby any person found to be misrepresenting themselves as a product certification body, falsely issuing a certificate, or falsely claiming a product has been evaluated and certified will commit an offence and be subject to a penalty.

Widening the scope of the collection and use of the building levy

The building levy provides funding for the performance by MBIE's chief executive of functions under the Act. The Bill proposes that the scope of the building levy be widened to allow MBIE to use it for a wider purpose within the building sector, provided it is for the exercise of a function by the chief executive under the Building Act 2004 or another Act that relates to the building sector. This will enable MBIE to monitor, oversee, and improve the performance of the building sector and relevant systems operating under building sector legislation.

Higher maximum penalties and new offences

The Bill proposes the introduction of new offences to support compliance with the modular component manufacturer and product certification schemes. The Bill also proposes amending the maximum penalties on conviction to a level that reflects the seriousness of the offences.

Another proposed amendment would extend the current 6-month timeframe to investigate a potential offence against the Building Act 2004 to 12 months, allowing more time to properly investigate potential breaches, gather evidence, and where appropriate allow for multiple enforcement avenues to be pursued to encourage greater compliance before prosecuting.

Enabling public notifications to be carried out online

A change is proposed to allow public notifications to be carried out online rather than published in daily newspapers, to respond to changes in technology and better reflect how the public accesses information.