



## COVERSHEET

<b>Minister</b>	Hon Chris Penk	<b>Portfolio</b>	Building and Construction
<b>Title of Cabinet paper</b>	Enabling self-certification and speeding up building inspections	<b>Date to be published</b>	29 May 2025

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
9 April 2025	Enabling self-certification and speeding up building inspections	Office of the Minister for Building and Construction
9 April 2025	Appendix One: Table of key elements and rationale for self-certification proposals	Office of the Minister for Building and Construction
9 April 2025	Enabling self-certification and speeding up building inspections ECO-25-MIN-0052 Minute	Cabinet Office
10 March 2025	Regulatory Impact Statement: Improving the efficiency of building inspections	MBIE
11 March 2025	Regulatory Impact Statement: Establishing self-certification schemes for simple residential building work	MBIE
11 March 2025	Stage 1 Cost Recovery Impact Statement: Establishing self-certification schemes for simple residential building work	MBIE

### Information redacted

**YES**

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of:

- Confidential advice to Government
- Confidentiality
- Commercial Information



# Regulatory Impact Statement: Establishing self-certification schemes for simple residential building work

<b>Decision sought</b>	Analysis produced for the purpose of informing: final Cabinet decisions on establishing self-certification schemes for simple residential work.
<b>Agency responsible</b>	Ministry of Business, Innovation and Employment
<b>Proposing Ministers</b>	<i>Minister for Building and Construction</i>
<b>Date finalised</b>	11 March 2025

## The regulatory proposal in this regulatory impact statement is to:

- establish an opt-in self-certification scheme for plumbers and drainlayers; and
- establish an opt-in self-certification scheme for companies to self-certify simple residential buildings.

## Summary: Problem definition and options

### What is the policy problem?

The time and cost it takes to build a new home can be extensive. While there are multiple contributors, the Government has identified inefficiencies in the building consent system as a key factor. Building consent inefficiencies can relate to:

- variability in processes across different building consent authorities (BCAs), adding complexity for builders working across regions;
- poor quality consent applications and high inspection failures from some practitioners, requiring rework and reinspection;
- liability and system settings that encourage BCAs to take a more risk-averse approach to inspections and consenting and can discourage practitioners from taking responsibility for their own quality assurance;
- limited tools for BCAs to manage peaks in demand through focusing resource on higher risk consents; and
- demand for BCA services outstripping their capacity, leading to long wait times for processing consents, inspections and providing a code compliance certificate (CCC).

During busy periods, these consent system issues can cause significant time delays in building projects which can also lead to greater building costs. This was seen in 2021 - 2022 where there was a sudden and significant increase in residential building activity, and the average time from project start to issuing a CCC was 569 days

These issues cannot be resolved without regulatory intervention.

### What is the policy objective?

This policy intends to lower the time and cost to build simple residential dwellings making it easier and more affordable to build houses while maintaining quality and safety. It also seeks to reduce the pressure on BCA resources during times of high demand and allow them to concentrate resources on higher risk and more complex builds, and increase the responsibility of practitioners to ensure that their work meets Building Code requirements.

Within this overall policy objective, two specific objectives have been identified:

- enabling plumbing and drainlaying work to be completed more quickly and efficiently
- enabling simple residential buildings undertaken by building companies to be completed more quickly and efficiently

These areas have been identified as it is possible for a core individual to take responsibility for the work (either the plumbers or drainlayer, or the lead builder) and appropriately manage quality and risk, and to have a clear demarcation between the BCA and practitioner roles and responsibilities.

Success will be measured by whether houses that use self-certification are built faster and cheaper without an increase in building defects than those that do not use self-certification. However, it may be difficult to distinguish delays associated with the consent system from other factors that add cost or time to a building project. We will work with BCAs and the sector to find ways to collect this data.

### What policy options have been considered, including any alternatives to regulation?

We have looked at options at the practitioner and company level to address the problem

*Plumbers and Drainlayers:*

**Option one** – Status quo

**Option two** – Opt-in self-certification for plumbers and drainlayers (**Preferred option**)

**Option three** – Compulsory self-certification for plumbers and drainlayers

**Option four** – Opt-in self-certification for parts of a building (all trades)

**Option five** – Quality assurance promotion and guidance campaign.

*Building Company:*

**Option one** – Status quo

**Option two** – Opt-in self-certification for an entire building by companies (**Preferred option**)

**Option three** – Fast-track consenting pathway for trusted builders

**Option four** – Promote existing alternative consenting pathways.

### What consultation has been undertaken?

An external consultancy, Sapere completed limited consultation in 2020 in the development of a report on a self-certification scheme for plumbers and drainlayers. In 2023 MBIE consulted on the consenting system and potential reform, which included consideration of options for self-certification.

In 2024 and early 2025, MBIE conducted targeted engagement with BCAs and industry stakeholders on options for the development of a self-certification scheme, though not on the specific details considered in this RIS.

MBIE has carried out some limited consultation with the Plumbers, Gasfitters and Drainlayers (PGD) Board in the development of the policy option for self-certification for plumbers and drainlayers. We will continue to engage with them as this work progresses. There has not been consultation with the public or entire industry on any of the proposals. To meet ministerial timeframes, there are no plans for public consultation on primary legislation. We intend on conducting targeted consultation when developing secondary legislation.

**Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**  
Yes.

## Summary: Minister's preferred option in the Cabinet paper

### Costs (Core information)

Both self-certification schemes are intended to be cost recovered through registration fees and/or annual fees and levies paid by those who opt-in. Cost recovery is intended to fully fund the operational expenses of the schemes. However, this is dependent on getting a sufficient level of take-up from eligible practitioners and companies.

Establishment costs are expected to be lower for plumbers and drainlayers as the scheme will build on existing PGD Board systems and infrastructure. Establishment costs will be higher for building company self-certification as more work would be required to establish the scheme.

Self-certifying businesses will be taking on additional liability if things go wrong and will need to be prepared to manage this risk. Being part of the scheme may therefore result in additional costs to them in demonstrating quality assurance processes and 'adequate means' (e.g. higher insurance premiums).

It is possible that reduced BCA oversight will lead to an increase in building defects from non-compliant work, or to additional checks being placed on self-certifying practitioners from insurers or lenders to mitigate the risk of such defects. In either scenario, these costs may then be passed on to consumers.

### Benefits (Core information)

Each option is expected to reduce the time and cost for building simple residential buildings due to a reduction in building inspections and other time delays associated with the consent system. This results in benefits to individual homeowners, through cheaper building costs, and potential benefits to New Zealand through increases in housing supply.

There will also be benefits for businesses and practitioners who opt-in to the self-certification schemes as they will be able to show that their work is trusted as being high quality and can offer a faster completion time to customers. Over time, this may lift the overall performance of the sector if companies see added value in investing in better quality assurance systems to meet self-certification standards.

Self-certification will also enable consumers to identify which plumbers, drainlayers and building companies are trusted to provide high quality work, giving them greater confidence in the practitioner they choose.

### Balance of benefits and costs (Core information)

**Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?**

From the limited analysis we have conducted, the preferred options provide benefits when addressing the problem, assuming sufficient uptake by the sector, the readiness of the sector, and assurance the necessary safeguards are in place.

Plumbing and drainlaying work in residential buildings is generally lower risk than other parts of a build and more self-contained. Given that a lot of plumbing work is in effect already self-certified within existing buildings, it is a smaller step in terms of system and practitioner readiness to extend this to new building work. This means that while the cost and time savings are more marginal, we can be more certain about likely scheme uptake levels, and that the benefits will outweigh the costs.

Enabling building companies to self-certify an entire building, including the design and build stages, would be a much more significant change for the industry. The potential cost and time savings are large. However, these benefits are highly dependent on companies being prepared to take on the full responsibility for the work in the absence of BCA oversight. There are also greater potential consequences, in terms of building defects, if things do go wrong. We are therefore less certain that the benefits will outweigh the costs.

MBIE has commissioned Sapere to complete a more detailed cost-benefit analysis of both options which is due in late March and will be shared publicly when the RIS and other Cabinet materials are published. This will inform future work. There will not be sufficient time to incorporate the findings into this RIS.

## **Implementation**

### **How will the proposal be implemented, who will implement it, and what are the risks?**

The Plumbers, Gasfitters and Drainlayers Board will manage the assessment and approval of practitioners for self-certification for plumbers and drainlayers. MBIE will perform this role for companies self-certifying entire buildings. There will need to be a transition period (timing to be confirmed) to allow for systems and regulations to be developed.

Funding required to establish the self-certification schemes and the source for this still needs to be confirmed.

## **Limitations and Constraints on Analysis**

### **Limitations in data**

We have limited information on:

- the specific contribution of consent requirements to the time and cost to build a simple residential building in New Zealand
- likely uptake of self-certification options among practitioners and companies
- current BCA resource allocation and the impacts of these options on this
- likely changes in behaviour among practitioners who self-certify and BCAs
- availability of insurance products to support the scheme, including additional building defects insurance or indemnity insurance for building companies
- likely impact of self-certification schemes on levels of building defects (and costs associated with them)
- detailed costs to establish and operate the schemes

We have relied on existing data sources, where available. However, some data was collected in 2022 and reflects issues that building companies were dealing with post-COVID that may no longer be relevant. Where quantitative data is not available, we have estimated costs and

benefits based on information provided from BCAs, through targeted stakeholder engagement and through comparison with comparable consent system schemes.

### Short timeframes

The short timeframes for completing this work have limited the level of analysis possible, including our ability to fully quantify costs and benefits. Time constraints have also limited the level of consultation on the design of the options analysed in this paper. We have relied on targeted engagement and information from previous consultations to inform the development of options where possible.

**I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

**Signed by the responsible**



**Antonia Reid (Policy Director)**

Date:

11 March 2025

## Quality Assurance Statement

**Reviewing Agency: MBIE**

**QA rating: Meets**

### Panel Comment:

A quality assurance panel made up of representatives from MBIE and the Ministry for Regulation has reviewed the regulatory impact statement on Establishing self-certification schemes for simple residential building work. The panel considers it meets the quality assurance criteria, but notes that the impact assessment was limited by a constrained timeframe which only allowed for an interim Cost Benefit Analysis and limited consultation.

## Section 1: Diagnosing the policy problem

### What is the context behind the policy problem?

The cost of housing in New Zealand is too high

1. The cost to purchase a home in New Zealand relative to household income is high. According to CoreLogic, in August 2024, the median property value was 7.7 times the gross annual median household income. The Minister for Housing has set a long-term target to bring house prices down to three-to-five times household incomes<sup>1</sup>.
2. In 2024, the Government made a commitment to making it easier to build a home to increase the supply of houses to improve affordability. Growing the housing stock to

<sup>1</sup> [Housing Minister Chris Bishop sets 'long-term' price target of three to five times household incomes | RNZ News](#)

improve housing affordability is a priority for the Government and the speech from the throne noted that “...getting more houses built is essential to having a more affordable housing market.”<sup>2</sup>

3. There are many contributors to the low supply of housing and the time and cost it takes to construct a house in New Zealand (e.g. costs of building materials, sector productivity, costs of land and resource consent). One of the contributors this Government is looking at is the building consent system.

### **What are the key features of the regulatory systems already in place and what are its objectives?**

4. The role of the building consent process is to ensure that building work is compliant with the New Zealand Building Code to ensure the safety and structural integrity of building work. Section 40 of the Building Act 2004 (the Act) requires that building work must not be carried out without a building consent unless it is work that is exempted under section 41 and 42A of the Act.

#### **Building Consent Authorities**

5. Building Consent Authorities (BCAs) are regulators in the building control system whose functions include:
  - issuing building consents (except consents subject to a waiver or modification)
  - inspecting building work for which it has granted a building consent
  - issuing notices to fix
  - issuing code compliance certificates (CCC).
6. BCAs check to ensure an application for a building consent complies with the Building Code and that building work is carried out in accordance with the building consent for that work.
7. There are 67 BCAs in New Zealand with most of these being territorial authorities who must perform the role of a BCA for their city or district. A private person or company may become a BCA. As of 2025 there is only one private BCA, Consentium, who provide BCA services for Kāinga Ora (Housing New Zealand).

#### **Building Consents**

8. A building consent is written approval from a BCA to carry out specific work in a specific place. An application for a new home includes the plans for the build and would show how it would be built to the building code.
9. Building work carried out under a consent must be done in accordance with the plans of that consent to ensure work is compliant. If a change to a building project is wanted or required, then a change to the consent must be applied for and approved by the BCA.
10. A BCA has a statutory requirement to process a building consent within 20 working days of receiving it. However, it can pause this processing time if it requires more information to process the application; this is called a request for information, or RFI.

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<sup>2</sup> <https://gazette.govt.nz/notice/id/2023-vr5697>

## Building inspections

11. Inspections are an important part of the building consent process. They help ensure that work is being carried out in accordance with the building consent and the Building Code. The number and timing of inspections is not specified in legislation and varies depending on the design of the build, location and the BCA responsible for inspecting the work.
12. Building work can fail an inspection due to administrative failures like not having the right paperwork on site, or for more serious reasons such as the work not being compliant with the building code. If building work fails an inspection this can increase both time and cost to the project due to the time it takes to remediate the issue and the cost of labour and materials to do this.

## Code compliance certificates are issued to show a building has complied with Building Code

13. A CCC is a formal statement issued under section 95 of the Building Act 2004, that building work carried out under a building consent complies with that building consent.
14. The BCA issues a CCC following the final inspection if the work has been found to be compliant with the Building Code. This is the final step of the consenting process and generally required to complete a sale.
15. Banks, insurance companies and consumers also rely on the CCC. Banks rely on it to know the building is in sound condition when approving lending and insurance companies rely on it to know the potential risk of a building. Consumers use it to understand what level of risk a building may have of having non-compliant work or a building failure.

## Self-certification

16. A form of self-certification currently exists under the Act. Schedule 1 of the Act sets out a list of certain building work that does not require a building consent. While not requiring a building consent, this work must still comply with the Building Code. The type of work included in Schedule 1 of the Act includes general repair, maintenance and replacement, as well as certain other lower-risk work (e.g. sleepouts up to 30 square metres in size).
17. In the broader building sector, 'energy work' in New Zealand operates under a self-certification scheme that covers electrical and gasfitting work.
18. The Government is also currently progressing policy proposals that will allow construction of 'granny flats' (simple residential structures up to 60 square metres) without resource or building consents.

## Joint and several liability

19. The framework for liability in New Zealand is called 'joint and several' liability. This is the common law rule used to allocate liability when multiple parties are found responsible for the same loss. This means that, if any liable party is absent (i.e. no longer in business or insolvent), the remaining parties must cover their share. It is designed to make sure the building owner is fully compensated for their loss.
20. In its current formulation, the joint and several liability rule has created incentives for industry participants to take steps to protect themselves from being one of the remaining parties to pay the share of any absent party. BCAs have been unable to do this and so have traditionally borne a disproportionate share of the loss considering their role in the building work: the so-called "last man standing" issue.

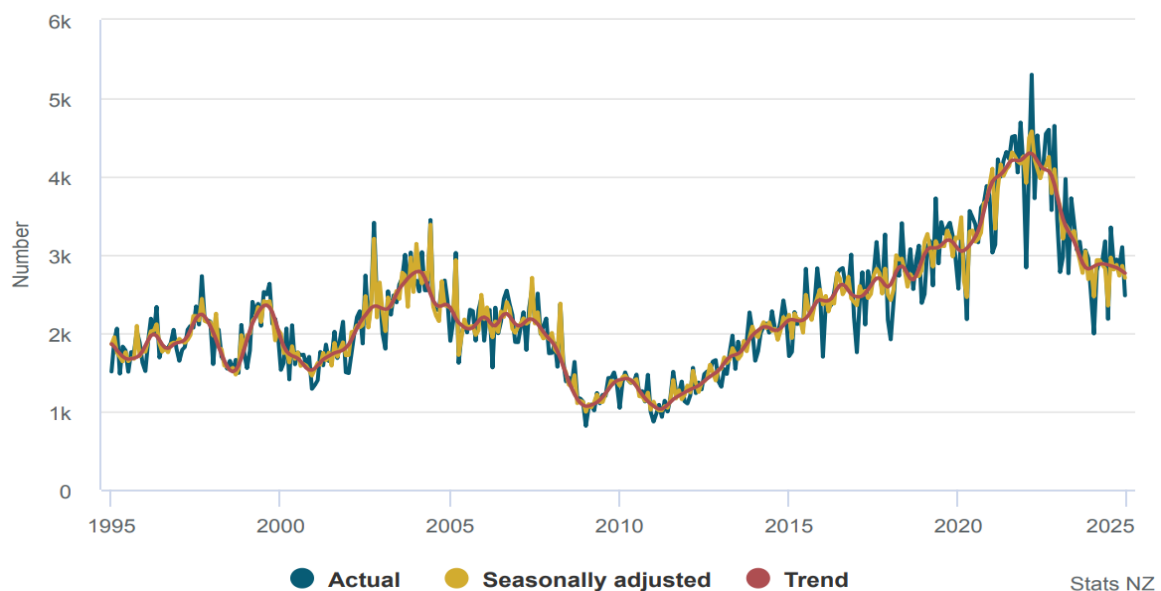


21. BCAs manage their risk by requiring detailed plans and specifications as part of the building consent process and undertaking many and detailed inspections at critical stages of the building programme.
22. MBIE has a programme of work underway to consider changes to liability and insurance settings, but no policy decisions have been made at this stage.

#### State of the industry

23. New home construction has seen sharp increases and decreases since 2020 and now. Consents for new dwellings peaked at 51,015 in the year ending May 2022, an increase from 37,024 in the same period in 2020 (27.4 per cent increase). Since this peak, consents for new dwellings have fallen to 33,609 in the year ending November 2024. Around half of new dwellings consented are houses.

#### **New dwellings consented, monthly, January 1995–December 2024**



Source - StatsNZ 4 February 2025 <https://www.stats.govt.nz/information-releases/building-consents-issued-december-2024>

#### Expectations if status quo maintained

24. In the short-to-medium term, it is likely that the building and construction sector will begin to recover from the recent downturn. It is unlikely that this recovery will see an increase in activity seen in 2021 – 2022, given the series of unusual circumstances that lead to that growth.
25. Growth would likely be at a steadier rate as seen between 2011 and 2020. This means that the delays experienced in the consenting system in 2021-2023 are unlikely to occur as BCAs will be able to better respond to slower growth over a longer period. However, if the sector were to experience high growth over a short period again, it is highly likely that significant delays would occur due to the current system and behaviours.

## Relevant Government decisions

26. The Government has signalled an overarching goal of 'going for housing growth' to increase the supply or and affordability of housing in New Zealand. It has identified streamlining the consent system as a key programme that will contribute to this goal.
27. Government decisions and announcements that are relevant for the issues outlined in this paper include:
  - amendments to the Act to make it easier to use overseas building products,
  - allowing the construction of granny flats without a resource or building consent
  - improving the efficiency of building inspections and increasing the uptake of remote inspections
  - exploring changes to BCA structure, including either a single national point of contact or greater regional consolidation
  - exploring changes to liability and insurance settings

## *Direction of a self-certification scheme*

28. In September 2024, Cabinet directed officials to explore policy options for a potential self-certification scheme. Cabinet signalled a high-level scope for the scheme including:
  - allowing a broad range of building professionals be eligible to apply (both individual practitioners and accredited companies).
  - requiring that participants meet specified eligibility requirements including being able to demonstrate an appropriate, specified level of competency and experience, and be trustworthy.
  - limiting the type of work that can be self-certified to lower risk activities (e.g. work on a simple residential dwelling)

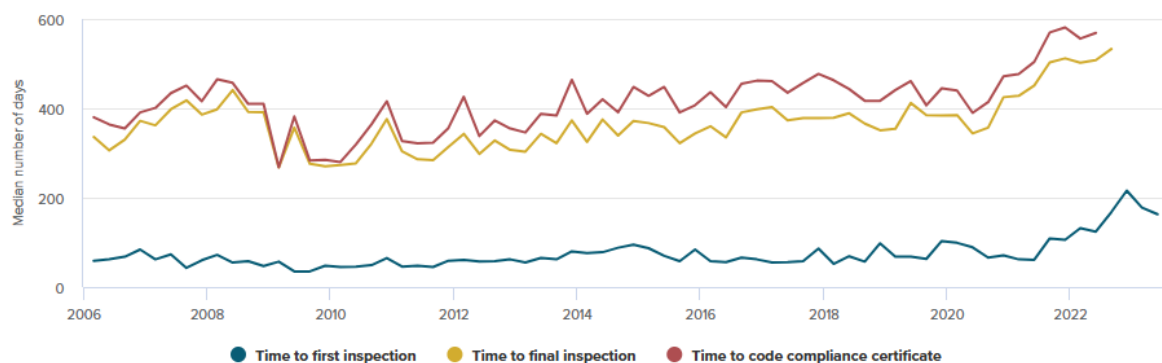
## What is the policy problem or opportunity?

What is the nature, scope, and scale of the problem that the intervention is seeking to address?

*The time to build new houses has increased in recent years*

29. 2022 data from Statistics New Zealand shows that the time between the building consent being issued and the code compliance certificate being issued was 569 days. Since then, it appears that the time to construct a building has been reducing.
30. In 2023, the time it took to reach the first inspection decreased from 216 days to 163 days, a reduction of 53 days. However, these statistics may reflect disruptions caused by COVID-19 (e.g. supply chain shortages) that are no longer present. MBIE does not have additional data for first inspections beyond 2022 and 2023 for final inspections and the CCC being issued.

**Number of days to key milestones from date building consent issued, by quarter consent issued, March 2006–June 2023**



The coverage of this data increases over time (from 20 percent to 65 percent).

Stats NZ

*The cost to build has increased in recent years*

31. Recent years have seen a significant increase in the cost to build a home in New Zealand. Costs rose 10.4 per cent in 2022 and 2.4 per cent in 2023. The increases, however, appear to be softening with the Cordell Construction Index (CCCI) showing a 1.1 per cent growth in the cost to build in the 12 months to December 2024.
32. COVID-19 related pressures such as materials shortages which contributed to the large increases in previous years have waned and building activity has slowed. Core Logic noted that because of reduced pressure on the industries capacity, cost growth for materials and labour have dampened.<sup>3</sup>

<sup>3</sup> [Construction conditions look set to improve in 2025 | CoreLogic New Zealand](#)

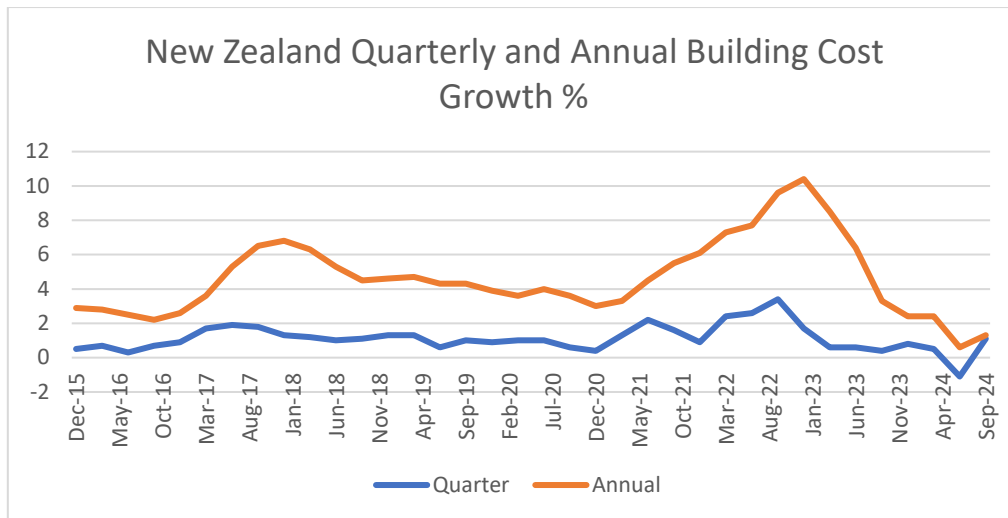


Figure 1 - New Zealand Building Cost Growth % Source: Cordell Construction Cost Index

*The consent system can add additional cost and time delays to residential building work*

33. The building consent system can add additional cost and time delays to residential building work. MBIE has been unable to quantify this impact (other than the direct consenting fees cost) compared to other factors such as cost of building materials and labour.
34. There are two main issues that contribute to delays in the consenting system. The first is the concentration of responsibility on BCAs to ensure building work is compliant with the building code with few tools to manage the liability associated with this role. The second is the quality of consent applications and building work due to poor quality assurance systems and little incentive to get things right the first time.

*Concentration of responsibility on BCAs to manage risk, high levels of variability in BCA practice*

35. All building work (unless specifically exempted) is required to go through the same consenting process, regardless of the complexity of the project, the level of risk involved, or the level of competence of the person doing the work.
36. BCAs do have some discretion to provide lower levels of scrutiny within a consent process, such as by setting lower inspection requirements or a faster timeframe for trusted building companies. However, such approaches vary across the country and have had limited take-up and limited impact overall on consenting efficiency.
37. There are two main reasons for this:
  - under current liability settings, BCAs can be held jointly and severally liable if building work is found to be non-compliant. As the 'last-man standing' participant, BCAs risk paying more than their share of costs in the event that a building company or practitioner becomes insolvent and cannot pay its share
  - there is no comprehensive, consistent and reliable information available across New Zealand on the quality of individual building companies or practitioners. This can make it difficult for a BCA (or a consumer) to make informed decisions about the level of consent oversight that is required to prevent defective work.

38. Because of these factors, BCAs are incentivised to maintain high levels of inspection and oversight of all building consents, even when this may not be needed for high-performing practitioners completing low-risk work.
39. This becomes most problematic when there is strong demand for BCA services. Bottlenecks can be created holding up building projects.
40. Inspection wait times vary depending on the level of demand from construction activity. If there is little activity, then getting an inspection within a few days is quite possible. However, when demand is high it can take a long time to book an inspection. As outlined above, consents for new homes peaked in 2021 and 2022 due to the COVID-19 response. During this time, wait times of three to four weeks were reported in some areas, with Christchurch experiencing wait times of up to 33 days.
41. Inspection wait times are currently around 0 to 6 days, although this can vary across different BCAs and regions and by inspection type. These shorter wait times are largely due to lower levels of building activity compared to the earlier peak. BCAs see this as maintainable for the next two to three years.
42. The above problem is compounded by the considerable variation in approach across the 67 BCAs. Stakeholders told us through targeted consultation that different BCAs will treat the same standardised design differently. For example, one BCA may require different information to be with a design than another. This is likely due in part to the performance-based building code where building designs that do not use acceptable solutions must show how they would meet the building code.
43. This inconsistency can add cost for practitioners or companies that work with multiple BCAs. For example, a large building company planning to build simple, residential buildings to a repeatable design may find themselves needing to submit different information for different BCAs and this may not be clear from the outset. This can lead to increased RFIs which pauses the processing timeline for the consent and requires more work to correct the application. It can make it difficult for companies to have certainty and confidence to scale up to increase building activity when building in multiple areas across the country.

*There are poor incentives for companies to get work right the first time*

44. Poor or defective building work can add to the total cost and time of a building project, resulting in re-work or future additional costs for the homeowner.
45. A 2024 research report on building consents in Auckland and Tauranga, found that 86 per cent of the time a request for information (RFI) was triggered by an applicant providing an inadequate application. Designers made up the largest portion of practitioners who triggered an RFI.<sup>4</sup> RFIs slow down the time it takes to process a consent. In Auckland a consent would take on average 55 days to process with 36 days waiting for a response to the RFI. For Tauranga this was 40 days to process and a wait time of 18 days.
46. A reduction in RFIs would reduce the time to process a consent application and the time and cost to build.

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<sup>4</sup> ModelDocs: Transforming building consenting behaviour for Better Housing (2024), BRANZ

47. However, the current levels of scrutiny from BCAs can disincentivise practitioners from taking responsibility for the quality of their work. There is anecdotal evidence from BCAs that some builders are using inspections as a quality assurance process. Rather than the builder assuring themselves that the work is completed to the required standard, they wait for the BCA to do an inspection to find any non-compliant work. This causes inefficiencies in the consenting system due to the additional inspections that are required.
48. There is some data on inspection failure rates, but it does not provide insight into why an inspection may have failed so there is not a way to discern between an inspection that failed because of poor paperwork or due to non-compliant work<sup>5</sup>.
49. Auckland Council has reported that close to half of the inspections that are booked are later cancelled by the applicant. This suggests that applicants are pre booking inspections on the expectation that they will fail and require a follow up inspection when work has been remediated. This creates unnecessary inefficiencies and likely creates delays due to inspection times being booked unnecessarily.
50. Some companies have invested in quality assurance systems and processes. However, they are not able to leverage this to take on the liability for their work if they would like to and they are required to go through the same consent process. There is also little incentive for companies to develop these systems and processes as it may only provide them with marginal benefits.

#### *Why is intervention required?*

51. The period between 2021 and 2022 highlighted that the building consent system does not deal well with strong demand. The difficulties BCAs face managing their liability for certifying building work and the few tools they have to do this mean the time and cost to build increases when construction activity is high.
52. To achieve the Government's objective to build more houses to increase affordability, New Zealand needs to be constructing new homes at a greater rate than it is today to make up for years of deficits in housing supply. Dealing with inefficiencies in the building consent system could assist in achieving this objective.
53. If no changes are made to enable more flexibility in the consenting system and improve quality assurance, then when activity increases the time and cost to build will increase as seen in 2022.
54. Some parts of the sector have indicated they are ready and supportive of being able to take on the responsibility of their own work but are currently unable to without legislative change. BCAs have also told us that they are comfortable with light touch approaches to consenting in the right circumstances and support steps to improve quality assurance in the sector.

#### **What objectives are sought in relation to the policy problem?**

55. The objective is to improve the consenting system to make it cheaper and faster to build homes through a more flexible system.

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<sup>5</sup> Sapere report - Self-certification in construction industry trades (2020) - <https://www.mbie.govt.nz/dmsdocument/13712-sapere-report-self-certification-in-construction-industry-trades>

### Reducing the cost to build

56. This objective seeks to reduce the cost of taking a building through the consenting process and therefore reducing the cost of the build overall. A reduction in the cost to build would be seen as achieving this objective.

### Reducing the time to build

57. Reducing the time it takes to take a building through the consent process and therefore reducing the overall build time. This would be measured by the number of days it takes to go from the consent being issued to the CCC being issued. A reduction in the number of days would be seen as achieving this objective.

### Introduce more flexibility to the consenting system

58. Creating more flexibility in the consenting system through shifting risk to those best placed to manage it. A system which allows those who can and want to manage the liability of their work would be seen as achieving this objective.
59. Achieving the objectives outlined above should not come at the expense of building safety or the protection of consumers. The policy intervention should aim to achieve the above objectives while also ensuring that:
- building professions in the system are competent
  - consumers can remedy non-compliant work
  - careless or incompetent work can be identified and those responsible held to account.
60. This would be measured by comparing defects in self-certified buildings to buildings which has not been self-certified or had self-certified plumbing or drainage work.

### **What consultation has been undertaken?**

61. The Minister wishes to pass legislation to give effect to the schemes by early 2026. To ensure that these timeframes are met, wider consultation on the options has not been undertaken. We have relied on previous consultation:
- 2020 – targeted consultation on a self-certification scheme for plumbers and drainlayers for a Sapere report
  - 2023 – public consultation on building consent system reform
  - 2024 – targeted consultation on self-certifying parts of a building and a fast-track regime for trusted builders.
62. The 2020 targeted consultation undertaken by Sapere looked specifically at self-certification for plumbers and drainlayers. Its scope was different to the Minister's current proposal in that it was not limited to simple residential buildings. Some practitioners supported self-certification while others were not convinced the industry was ready for the change.
63. The 2023 consultation sought feedback on a wide variety of issues in the building consent system and potential solutions to these problems, including self-certification.
64. Limited and targeted consultation with industry groups and BCAs took place in late 2024 on options for self-certification for all building trades (including plumbers) and on a fast-track consenting pathway (where BCAs would still provide a consent).

65. The table below outlines some of the themes that we have heard from key stakeholder groups:

Stakeholder group	Themes
BCAs	BCAs had concerns that around consumer protection in cases where building work was defective. They also had concerns that fewer inspections would also mean that they would have fewer opportunities to upskill their staff doing inspections.
Industry	<p>Industry stakeholders noted that only a few of them could be part of a fast track or self-certification scheme. They also noted that any sort of alternative pathway which required them to take on more liability would need to have good incentives to offset the cost of taking on that liability.</p> <p>Some groups such as the New Zealand Institute of Building Surveyors have reservations about the proposal and do not believe the industry education processes are up to standard to support a self-certification scheme.</p>
MasterBuilders	MasterBuilders and some of their volume builder members have recently supported self-certification for volume builders.
MasterPlumbers	MasterPlumbers have been advocating for their members to be able to self-certify for some time (around 70 per cent of the industry are members of Master Plumbers). They are of the view that good plumbers and drainlayer should be able to take responsibility for their own work.
Homeowners	The Home Owners and Buyers Association New Zealand had concerns relating to consumer protection in relation to changes to the consenting system that would lead to less oversight of building work from BCAs. We understand
Overview	There was a running theme that stakeholders were open to alternative consenting pathways and self-certification as long as the appropriate safeguards were in place.

66. There hasn't been consultation on the specifics of the preferred options. As a result, MBIE cannot be sure what the appetite is for a self-certification scheme from practitioners and has used conservative estimates about the level of up-take. However, if uptake is too low, it may be difficult to cost recover the systems and processes necessary to facilitate the scheme.
67. From the limited consultation that has been undertaken, MBIE is aware that BCAs would welcome a more streamlined consenting process. However, they have some reservations about their liability if they were still involved in issuing a consent.



68. No further consultation is planned on the development of primary legislation other than through the select committee process. We intend to consult on the detail in the regulations before they are finalised.

## Section 2: Assessing options to address the policy problem

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69. MBIE has looked at options which would either allow practitioners or companies to take responsibility for their work, improve existing light touch and alternative consenting approaches, or improve quality assurance of work.

### What criteria will be used to compare options to the status quo?

#### Reduces cost to build

70. Whether the option reduces cost to the builder to construct a new simple residential building. This is in line with the policy objective to reduce the cost of construction for simple residential buildings.

#### Reduces time to build

71. Whether the option reduces the time it takes to construct a new simple residential building. This is in line with the policy objective to reduce the cost of construction for simple residential buildings.

#### Maintains or improves building quality

72. How likely the option is to minimise building deficiencies. This relates to ensuring that the policy intervention does not compromise consumer protection or safety.

#### Increased system responsiveness

73. It is important that the building control system can be responsive to changes in the building industry to ensure it is efficient while managing risk. This includes being adaptable to changes in the types of buildings being built, the volume of building work, and the performance of practitioners in the industry.

#### Appropriately allocates risk and liability

74. The degree to which the option allows the responsibility and liability for the work to sit with the participant in the system who is best placed to manage this risk.

### What scope will options be considered within?

#### *There are opportunities at an individual and a company level*

75. There are opportunities to make changes to the status quo at both an individual level and a company level. That is, individual practitioners who work on both new builds and existing buildings, and companies that specialise in building homes, such as group home builders.

#### *Making progress now to deliver immediate benefits*

76. The Minister is only considering options that can be delivered relatively quickly, to deliver immediate benefits. For this reason, the scope of practitioners or companies that are targeted in the Minister's options are kept to those that are most ready to take on self-certification and would require little structural change to implement the scheme.
77. **Self-certification for plumbing and drainlaying work.** This means giving eligible individual plumbers and drainlayers the ability to take responsibility for their own work

where they have a desire and ability to do so. Options targeting this group would apply to work both in new builds and existing buildings. This would enable practitioners who do good work to do so faster and cheaper.

- 78. **Self-certification for entire buildings for companies.** This means giving eligible companies the ability to take responsibility for the entire construction project of a new build where they have the desire and ability to do so. This would only apply to new builds. This would enable companies to build homes faster and cheaper and provide a more consistent building process across the country.
- 79. These areas have been identified as it is possible to identify a core individual to take responsibility for the work (either the plumbers or drainlayer, or the lead builder) and appropriately manage quality and risk. Compared to self-certification for other building trades for parts of a build, it is also easier to have a clear demarcation between the BCA and the practitioner roles and responsibilities and liability.
- 80. There are also already factors in place for plumbers and drainlayers and for larger building companies and that can mitigate the reduction in BCA oversight. For example, plumbers are already in effect self-certifying a reasonably large proportion of work within existing buildings.
- 81. In MBIE's assessment, more significant work would be required across the system (e.g. in practitioner competency and consumer protection) in order to extend self-certification to other trades.

*The policy options will only be applicable for simple residential construction*

- 82. The Minister is only considering reform for simple residential building work. This will be defined in regulations to enable it to be adjusted over time. Initially this is likely to mean work covered under the competency level 'Residential 1'. These are generally single-story standalone dwellings designed to a common standard (e.g. NZS 3604), with low weathertightness risk.
- 83. This scope has been set this way to manage the risk of deficiencies that may not be picked up due to less regulatory oversight. The building work involved in a simple residential dwelling also generally includes work that is considered restricted building work which can only be done by a licenced practitioner, such as a licenced building practitioner. This means people doing self-certified work can still be held to account if it is done poorly.

## **What options are being considered?**

### **Options for practitioners**

*Option One – Status Quo / Counterfactual*

- 84. No changes are made to the building consent system. While building activity is currently moderate and wait times for consents are not as long as they were, if no changes are made, the same bottlenecks may appear if building work picks up again.

*Option Two – Opt-in self-certification scheme for plumbers and drainlayers only (preferred Option One)*

- 85. This would allow plumbers and drainlayers to self-certify their work through the establishment of an opt-in self-certification scheme through the Plumbers, Drainlayers and Gasfitters Act 2006 (the PGD Act). This would shift the risk of managing the liability of this work from the BCA to the practitioner.

86. Some current plumbing work is exempt from a building consent under Schedule 1 of the Building Act. This is work in relation to existing buildings, and includes repair, maintenance and replacement of sanitary plumbing and drainage (involving the use of comparable products). Although exempt from building consent this work must still comply with the Building Code.
87. Plumbers and drainlayers already in-effect self-certify this work, as no building consent or inspections are involved. This work may be carried out as part of house renovation e.g. replacing toilets, hot water cylinders etc. Consumers may engage plumbers directly in relation to this work, alternatively, plumbers may carry out this work via a main contractor from a building company that carries out renovations.
88. This change would extend self-certification for plumbers and drainlayers to new builds as well. A 2020 report from Sapere noted that the response to a self-certification scheme for plumbers was mixed. However, industry bodies have said that they are ready to take on the responsibility for their own work.
89. There are approximately twelve inspections for a new build with four being for plumbing and drainlaying work. This option could reduce the number of BCA inspections by four per build.
90. Assuming a 3-day wait time for an inspection in normal times and a 14-day wait in busy times, this would save approximately 12 to 56 days. The benefits become greater as strain on BCA resources increase. We note, however, this assumes that during the wait period the practitioner would be doing no work. However, there will be practitioners who will book an inspection ahead of requiring it and do the work in the wait time.
91. We conservatively assume that approximately 20 per cent of simple residential homes would have plumbing or drainlaying work self-certified to begin with. As the capability of plumbers and drainlayers increase over time and more of them can self-certify this number could increase.
92. To ensure that only competent plumbers and drainlayers can self-certify, they will need to meet the registration requirements to attain a licence. This would add costs for plumbers and drainlayers to ensure that they can comply with the requirements. However, it could also provide reputational gains, with practitioners being recognised and trusted to do higher quality work, as well as being able to offer to complete jobs faster.
93. The BCA's role for plumbing and drainlaying work would be limited to the design of the building when a consent is lodged. The BCA would still need to ensure that the design of plumbing and drainlaying work is compliant with the Building Code when designs are submitted for a building consent. The BCA would have no role in inspecting and certifying that plumbing and drainlaying work is compliant with the Building Code if that work is self-certified. A code compliance certificate would not be issued for plumbing work in simple residential buildings; however, the plumber would instead issue a certificate of compliance (similar to that issued currently by electricians).
94. It is possible that there may be an increase in non-compliant work due to less oversight from BCAs. However, if eligibility requirements are set properly this risk should be mitigated by ensuring only the highest performing plumbers and drainlayers could self-certify.

95. The PGD Act would be amended to enable the Board to undertake auditing of self-certified work as part of its enforcement duties. A requirement for plumbers and drainlayers to keep records would need to be made to ensure a record of self-certified work can be kept. This is a gap in the current regulatory system so this change would apply for all plumbing and drainlaying work, not just self-certified work.
96. There would be some investment required to establish this scheme. It will likely be possible to leverage existing infrastructure for the regulation of plumbers, drainlayers and gasfitters. The PGD Board have told MBIE that they would be unable to cover this cost with their current budget.
97. It is intended that the operational costs will be recovered by those who opt into the scheme as they stand to benefit from being in it. A Stage One Cost Recovery Impact Statement providing further detail is attached at **Annex 1**.

*Option Three – Compulsory self-certification for plumbers and drainlayers*

98. This is similar to Option Two with the difference being that self-certification would be compulsory for all plumbers and drainlayers. Minimum requirements could be set for plumbers to meet (as apply to electricians who self-certify at the moment). This would allow a lot more plumbing and drainlaying work to be self-certified more quickly than in Option Two.
99. This would also be a change to how the licencing system currently works which requires plumbers and drainlayers to meet a set of criteria to self-certify work in existing builds.
100. While it would deliver faster and cheaper construction for a great number of new builds, there is also a greater change to the plumbing industry and would require a longer period of adjustment and transition to meet the new requirements.
101. Through prior consultation in 2020, Sapere found that there are some concerns with the current consistency of training for plumbers and drainlayers and that they may not all have the competence to safely self-certify work. This could lead to an increase in defects. Alternatively, the additional requirements could act as a barrier to entry for some plumbing businesses, and result in some plumbers exiting the market if they were unable or unwilling to adjust their practice to meet the new requirements. This could have the unintended consequence of reducing the overall supply of plumbers.

*Option Four – Opt-in self-certification scheme for parts of a building*

102. This would amend the Building Act 2004 to create a scheme which would allow building professionals to self-certify their work if it is part of a simple residential build. Whether the work is in-scope to be self-certified would be determined by the BCA at the beginning of the consenting process.
103. By implementing this through the Building Act, there could be a single system for self-certification for many different trades, rather than this being split across occupational regulatory regimes. This would reduce the complexity for practitioners who want to self-certify across multiple regimes, such as plumbers doing roofing work as a licenced building practitioner.
104. On the other hand, it could increase the complexity for BCAs and for homeowners, as some parts of building work would be self-certified while others were still progressing through the standard consent process.

105. Self-certification could be limited to more easily defined parts of a building to ensure these complexities between work that is self-certified and work that isn't are minimised. Some examples of work that could be in-scope include a roof or the drainage system.
106. The parts of a building and who could self-certify them would be set out in regulations. This would enable a responsive system that could easily allow for additional parts to be added as the sector was ready to take on additional responsibility. No changes to primary legislation would be required.
107. However, MBIE considers that there would need to be shifts in practitioner competence, processes and safeguards in the system for practitioners outside of plumbers and drainlayers to self-certify. There is currently no plan to make these changes in the short term. Therefore, the initial benefits of this option would be the same as Option Two.
108. This option would be suitable if there was an intention to expand self-certification. The Minister has indicated that he does not wish to do this currently. MBIE also considers that additional mechanisms should be in place before self-certification is expanded more widely, such as greater consumer protection and improved occupational regulation.
109. To establish a new scheme to enable self-certification for part of a building would require significant investment into supporting infrastructure. However, we have been unable to quantify this cost.

#### *Option Five – Awareness campaign for quality assurance in construction*

110. MBIE could work with the industry to raise awareness on how to implement good quality assurance practices as well as make use of existing tools, such as Artisan. MBIE could also provide guidance about what good quality assurance looks like.
111. This option would not introduce self-certification for plumbers, but it may improve the work they do and reduce failed inspections which would free up resources in the consenting system.
112. Good quality assurance processes can reduce the time it takes to go through an inspection by building right the first time. Building work would only need to be inspected once and building professionals would not need to remediate as much work.
113. There would be an opportunity for a quality assurance campaign to sit alongside one of the other options. Having a robust quality assurance process could be one of the requirements to be part of a self-certification scheme, providing an incentive for practitioners to improve their quality assurance practices.

### **Options for companies**

#### *Option One – Status quo*

114. No changes are made to the building consent system. While building activity is currently moderate and wait times for consents are not as long as they were, if no changes are made, the same bottlenecks may appear if building work picks up again.

#### *Option Two – Opt-in self-certification for entire buildings by companies (Preferred Option Two)*

115. This would allow companies or lead contractors<sup>6</sup> to certify entire simple residential buildings as being compliant with the Building Code without inspections or sign off from

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<sup>6</sup> A lead contractor is a person who holds the primary responsibility for a project. This person would be liable for any building defects in the work they oversee.

the BCA. This shifts the risk and liability of ensuring a building is code compliant from the BCA to a company which has the means and desire to take on this responsibility.

116. We anticipate that one of the requirements to be part of the scheme would be that a company must have the financial standing to be able to remediate any deficiencies that may arise. This is also intended to mitigate the risk that the company won't be able to cover it and become insolvent.
117. Rather than an individual practitioner certifying their own work, a company would instead certify all work done in a building project they are overseeing. Unlike the options for plumbers and drainlayers, this option would also include self-certifying the building's design.
118. A nominal building consent would still be required but a BCA would only check that the building is a simple residential building and that the company has been approved to self-certify. The BCA would not check that the design is compliant with the building code as they do currently. We consider that a nominal consent is necessary for:
  - buyers securing bank lending
  - securing insurance
  - collecting the building levy to fund the building system
  - ensuring the building complies with a district plan and to inform any required resource consent.
119. This option would allow approved companies to build homes faster and cheaper by not having to go through the consent processing stage, inspections, or getting a code compliance certificate from the BCA.
120. The potential savings would be greater than the plumbing options outlined above and could be significant overall, as it would remove all BCA inspections and associated costs, and result in greater time savings. However, MBIE notes that consent costs do not represent a high portion of overall cost in a construction project (compared to labour, materials, land etc).
121. Being approved to self-certify would act as a quality mark for eligible building companies. They would also be able to build homes faster than companies not in the scheme. These may be additional selling points for consumers.
122. For BCAs, this would allow them to concentrate resources on more complex builds or builds being undertaken by companies with poor track records. It would also allow for more capacity to absorb increased demand on services when building activity increases.
123. Regulations would outline eligibility criteria. To be approved to self-certify an entire building, a company would need to demonstrate that it has:
  - competent staff taking responsibility for overseeing projects
  - adequate means to cover their liability of self-certifying their work
  - financial standing to not go insolvent
  - consumer protection guarantees in place
  - robust quality assurance processes.
124. When setting the criteria it will be important to ensure that they are set at an appropriate level to provide assurance, while not being so strict that they unduly restrict who could

qualify. MBIE would engage with the sector as these criteria were developed through regulations.

125. Engagement with sector representative organisations (e.g. Master Builders) indicates strong interest in self-certification options from some volume building companies, though we have not been able to test fully what proportion of the building sector would be likely to opt-in.
126. Taking on the certification for an entire building, entails significantly more responsibility and liability sitting with the building company in the event that something goes wrong. Take-up may be related to the ability of a company to get indemnity insurance to cover this liability. From conversations that MBIE has had to date with the insurance sector, there is limited appetite to offer these products. It is likely that insurers would require additional assurances that companies opting to self-certify had the capabilities and processes in place to do this effectively.
127. The cost to establish the infrastructure to support this scheme would likely be higher than for the plumbers and drainlayers scheme, as more systems and processes would need to be developed. We have been unable to fully quantify these establishment cost in the time available. Sapere is conducting a cost-benefit analysis, and this will inform further work.
128. It is intended that operational costs will be recovered by those who opt into the scheme as they stand to benefit from it. However, as noted above, it is unclear what the appetite is among building companies and therefore whether it would be large enough to recover the operational costs of the scheme. A Stage One Cost Recovery Impact Statement providing further detail is attached at **Annex 1**.

#### *Option Three – Fast track consenting system for volume builders*

129. This would create a new alternative consenting pathway (with fewer inspections and/or a guaranteed quicker consent processing time) for volume builders who construct low-risk simple residential buildings - similar to some existing schemes in Auckland, Christchurch, and Selwyn.
130. The existing pathways provided by the Auckland, Christchurch, and Selwyn BCAs all have different requirements and require the same company to apply separately to each scheme. This option would make a single consistent scheme which companies would only need to register for once to access it across all BCAs.
131. These have seen good uptake from builders, but from targeted consultation we understand that they are more attractive when inspection wait times are significant, such as during COVID. We are also aware that some BCAs, such as Tauranga City Council used to provide a similar scheme but have since wound it down due to poor uptake.
132. Unlike Option Two, this option would not allow self-certification. However, there would be time and cost savings for companies due to a reduction of inspection wait times, and increased certainty that a consent application would be processed within a specified time period.
133. While companies would not take full responsibility for their work, being part of this programme could show that they are recognised as being a high-quality builder.
134. If a company wanted to be part of this scheme, they would need to meet requirements set in regulations. These requirements would be similar to those in Options Two (e.g

demonstrating competence, adequate means etc) but less rigorous, due to there still being some BCA oversight.

135. The BCA would still be jointly and severally liable for building work under this scheme. As with the present pathways that are available through some Councils, this could limit the BCAs willingness to participate, as inspections are one of the key tools they use to manage their liability. This means the scheme design would need to carefully consider where BCAs had discretion about company participants and where this was decided on a national basis.
136. However, having to conduct fewer inspections will mean that they can free up resources to concentrate on more complex builds or higher risk builders.

#### *Option Four – Promote existing alternative consenting pathways*

137. There are already existing alternative consenting pathways in the consenting system. When used, these can take some pressure off the consenting system and shift liability and responsibility to those who can best achieve it. The existing alternative pathways are:
- **MultiProof** – a consenting pathway which allows for the faster consenting on repeatable building designs. It intends to make constructions faster for volume builders. There were 532 MultiProofs on the MultiProof register as at 10 March 2025.
  - **BuiltReady** – a faster consenting pathway for modular homes which are built offsite. This is not yet operational.
  - **BCA fast-track processes** – some BCAs such as Auckland, Selwyn, and Christchurch provide alternative consenting pathways for trusted builders. This is generally aimed at volume builders and includes fewer inspections.
138. This option would leverage off existing schemes to reduce build time and cost for simple residential dwellings. However, there have been some issues with the existing pathways. Although they were intended to provide a more streamlined process, elements of the design and operation of the schemes have limited the number of buildings and companies who are eligible, or who see sufficient value in the scheme to participate. Legislative change may be required to make them more attractive to increase uptake.

#### *Options that were ruled out*

139. We have ruled out any option that would allow enable work outside of simple residential building work to be self-certified, such as self-certification of all entire residential buildings. This is due to the increased complexity of this work and we are not confident that the sector is ready to take on liability for this work.
140. Recent statistics on RFIs highlight the issues with more complex building work. An RFI can be issued when information is missing or incomplete within a consent application, or an element of the building design needs further explanation. The number of RFIs can be a proxy indication for the level of complexity within a project.



141. For the year ending December 2024 the percentage of applications for res1 work (likely to be the definition of simple residential) was 53.6 per cent. For res 2 work<sup>7</sup> this was 68.2 per cent and res 3<sup>8</sup> was 79 per cent.
142. We have also ruled out options that look at commercial building work as this does not support the Government's immediate objective of enabling more affordable housing. Commercial buildings are also more complex requiring additional safety systems such as fire suppression systems. The latest RFI rates for commercial buildings were between 73.7 per cent and 78.1 per cent.
143. Commercial work is also not considered restricted building work and so fewer practitioners doing this work are covered by an occupational regulatory scheme. This would make it difficult to hold a practitioner to account if they did poor self-certified work on a commercial build.

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<sup>7</sup> Res 2 - detached dwellings (SH) designed to a common Standard (eg, NZS 3604, NZS 4229) that are less than or equal to two storeys and have an E2/AS1 risk matrix score less than or equal to 12.

<sup>8</sup> Res 3 - detached dwellings (SH) or other dwellings (SR) that are less than or equal to three storeys but limited to vertical plane fire separation and direct egress to the outside. E2/AS1 risk score of 13–20

How do the options compare to the status quo/counterfactual?

Plumbers and Drainlayers

	Option One – [ <i>Status Quo / Counterfactual</i> ]	Option Two – Opt-in self-certification scheme for plumbers and drainlayers only (preferred option)	Option Three – Compulsory self-certification scheme for plumbers and drainlayers	Option Four – Opt-in self-certification scheme for parts of a building	Option Five – Awareness/education campaign for quality assurance
Reduction in the cost to build	<div>0</div> <p>The impact of consenting on the cost to build will stay the same. If building activity increases and demand for BCA services increases then the costs to build may increase due to time delays.</p>	<div>+</div> <p>There will be some savings from the cost to build from fewer consenting and inspection fees and related expenses. However, as plumbing and drain laying does not make up a large proportion of building work cost in a home, any reduction in the cost to build compared to the status quo is unlikely to be significant.</p> <p>There would also be a cost to plumbers and drainlayers to be part of the scheme which they may pass on to consumers through higher prices. This could include self-certification fees, and increased insurance premiums to cover plumber’s increased liability.</p>	<div>0</div> <p>More plumbing and drain laying work could be self-certified due to there being no constraints on who can self-certify, which would reduce up-front costs such as consent and inspection fees. However, more work would be required to upskill the whole plumbing and drainlaying sector to the required level of competence. If those practitioners did not upskill, there would be an increase in plumbing issues requiring remediation, increasing the cost of the build or cost to repair defects. Alternatively, plumbers unable or unwilling to upskill could exit the market, reducing overall supply of practitioners.</p> <p>There would also be a cost to be part of the scheme which will impact the amount saved.</p>	<div>+</div> <p>The scope of this scheme would be initially limited to plumbers and drainlayers. While it could be expanded in the future the initial cost impacts would be the same as for option two. Longer-term costs impacts would depend on the level of up-take across the sector.</p>	<div>0</div> <p>Improved quality assurance would reduce the cost to build as building deficiencies would be more likely to be picked up earlier and costs to fix these would be lower.</p> <p>However, how much quality assurance improves because of this option would depend on uptake. Without an incentive to improve quality assurance improvements are likely to be minimal.</p>
Maintains or improves building quality	<div>0</div> <p>BCAs will continue to have oversight over building work to ensure that it complies with the Building Code.</p>	<div>0</div> <p>There is a possibility that with less BCA oversight that there could be an increase in deficiencies and non-compliance not being picked up and remediated before construction concludes.</p> <p>However, eligibility settings will be in place to ensure that only competent practitioners can self-certify. This will mitigate the risk of increase non-compliance.</p> <p>Plumbers and drainlayers can already self-certify certain work in relation to existing buildings under Schedule 1 of the Building Act, so it is unlikely that deficiencies and Building Code non-compliance would be much worse than the status quo.</p>	<div>-</div> <p>Less oversight of plumbing and drain laying work could result in more building deficiencies. While eligibility settings could be in place to mitigate this risk, as noted above much more work would be required to upskill the whole sector.</p>	<div>0</div> <p>Reduced oversight by BCAs would likely lead to an increase in non-compliant work and building deficiencies. Due to the high-trust nature of this model it is unlikely that defects would be caught during construction.</p> <p>This option would need to ensure practitioners are competent and have quality assurance processes in place to mitigate against non-compliant work.</p> <p>There would also need to be improved consumer protection measures in place to protect against non-compliant work where a building company phoenixes.</p>	<div>0/+</div> <p>Improved quality assurance would reduce deficiencies in building work. However, as above, this may be limited without an incentive to improve quality assurance measures.</p>
Reduction in the time to build	<div>0</div> <p>Build time will remain the same. If building activity increases, build time may also increase due to bottlenecks</p>	<div>+</div> <p>There would be some reduction in time to complete a build with a reduction of approximately four inspections per build.</p>	<div>0</div> <p>There would be time savings from fewer inspections and from delays caused by failed inspections but these gains may be offset by more work not being done properly.</p>	<div>+</div> <p>As this option is currently only looking to include plumbers and drainlayers, there would only be a small reduction in time saved due to not having to wait for inspections and the CCC to be</p>	<div>0</div> <p>Better quality assurance processes would catch non-compliant work before an inspection providing an opportunity to remedy it first. This would reduce</p>

	Option One – [ <i>Status Quo / Counterfactual</i> ]	Option Two – Opt-in self-certification scheme for plumbers and drainlayers only (preferred option)	Option Three – Compulsory self-certification scheme for plumbers and drainlayers	Option Four – Opt-in self-certification scheme for parts of a building	Option Five – Awareness/education campaign for quality assurance
	caused by higher demand on BCA services.	This impact would become greater as building activity increases and wait times for inspections also increase.		issued. This would increase if more parts of a building were able to be self-certified  The uptake of the scheme may be limited and so there will be a small pool of professionals.	delays caused by failed inspections. However, as above this may be limited without an incentive to improve quality assurance measures.
Increased system responsiveness	<b>0</b>  Currently the system has few mechanisms to allow certain work or buildings to either have less oversight from BCAs or go through a different process.  Some BCAs have programmes to allow trusted builders to go through a streamlined consenting process.  BCAs are able to exercise differing levels of discretion on a building professionals work depending on their previous experience with them. For example, if a building professional has a history of producing poor quality work a BCA may take a more thorough look at their work.	<b>0</b>  Eligibility settings will be set via the Plumbers, Drainlayers and Gasfitters Board rules. Where there may be an increase in self-certified work being non-compliant the Board could make rules to respond to this. For example, testing different competencies.  Regulations could allow for some types of work to be taken out of the self-certification scheme if there were widespread and consistent issues. However, the detection of these would be dependent on the frequency of audits by BCAs.	<b>-</b>  Board rules and/or licensing requirements would need to ensure self-certifiers have the right competencies.  Due to there being no oversight from BCAs, there would be no feedback loop to understand where there may be issues that need to be responded to, and this would rely on the level of Board oversight.  Regulations could allow for some types of work to be taken out of the self-certification scheme if there were widespread and consistent issues. However, the detection of these would be dependent on the frequency of audits by BCAs.	<b>--</b>  The reduced oversight from BCAs would make it harder to detect when and where issues were occurring. This would make it more difficult to intervene through measures such as improved education in certain areas or making changes to the scope of work that could be self-certified.	<b>+</b>  Improved quality assurance may change BCAs’ approach to evaluating work for builders who use good quality assurance processes but this would not be a change from the status quo.
Appropriately allocates risk and liability	<b>0</b>  BCA will remain unable to manage the demand on their resource by allowing different build types to go through consenting different processes.	<b>+</b>  This allow plumbers and drainlayers to take responsibility for their work and shift the liability of ensuring their work is compliant to the practitioner.  BCAs will be able to focus on more riskier practitioners and work.	<b>+</b>  This would allow plumbers and drainlayers to take responsibility for their work and shift the liability of ensuring their work is compliant to the practitioner.	<b>+</b>  Allowing low-risk simple residential builds to go through alternative pathways adds flexibility to the consenting system. It would recognise that some work does not need the same oversight as higher-risk and more complex work.  This would also allow for self-certification for work outside of new builds, such as renovations.  This would also provide more capacity for BCAs to focus on the higher-risk and more complex work.	<b>0</b>  There would be no change to simplicity as this focusses on improving quality assurance and makes no changes to the consenting system.
Overall assessment	<b>0</b>	<b>+++ 3</b>	<b>-1</b>	<b>+ 1</b>	<b>0/+ 1</b>

Companies

	Option One – [ <i>Status Quo / Counterfactual</i> ]	Option Two – Opt-in self-certification for an entire building by companies (preferred option)	Option Three – Fast track consenting pathway for volume builders	Option Four – Promote existing alternative consenting pathways
Reduction in the cost to build	<div>0</div> <div>The impact of consenting on the cost to build will stay the same. If building activity increases and demand of BCA services increases, then the costs to build may increase due to time delays.</div>	<div>+</div> <div>By not going through the building consent system, builders will be able to reduce some costs from consenting fees and delays caused by waiting for inspections or delays due to a failed inspection.</div> <div>Consenting fees make up a small amount of the total build cost so the lack of them will make little difference to the overall cost of a project. The largest cost savings will be made from a reduction in time delays relating to the consenting system.</div> <div>There would also be a cost to be part of the scheme which will impact the amount saved.</div>	<div>0</div> <div>The reduction or lack of inspections would see some improvement in the cost to building a home. The cost of insurance to be part of the scheme may be too great to offset the benefits for some, especially single contractors. These costs may be passed onto the consumer.</div> <div>There would also be a cost to be part of the scheme which will impact the amount saved.</div>	<div>0/+</div> <div>May slightly reduce cost to build but would depend on additional uptake following a promotion campaign.</div> <div>These pathways already exist and it is unlikely that they are not used due to a lack of awareness given the industries familiarity with them.</div>
Maintains or improves building quality	<div>0</div> <div>BCAs will continue to have oversight of building work to ensure that it complies with the building code.</div>	<div>-</div> <div>The lack of oversight from BCAs means that there is a greater chance of an increase of building defects.</div> <div>There would be a reliance on a company’s quality assurance process to pick up deficiencies. However, from targeted consultation BCAs have told us that there may not be many companies who currently have a robust QA process. This could limit overall uptake of the scheme, particularly as without adequate assurances about a building company’s competence and quality, insurers may not offer comprehensive insurance products.</div>	<div>0</div> <div>Reduced oversight is expected to increase the rate of non-compliant work and building deficiencies.</div> <div>This scheme would still have some inspections from the BCA for work and would rely on producer statements in place of inspections in some areas. As there is slightly more oversight than Option Two, MBIE expects that this option would have fewer defects and instances of non-compliance than Option Two.</div>	<div>0</div> <div>As these systems already exist there would be minimal impact on code compliance of building work.</div>
Reduction in the time to build	<div>0</div> <div>Build time will remain the same. If there are increases to building activity, build time may also increase due to bottlenecks caused by higher demand on BCA services.</div>	<div>++</div> <div>This would introduce moderate time savings due to not requiring a building consent or oversight from BCAs on building work.</div> <div>The time savings would be most pronounced when construction activity increases and there is a greater demand on BCA services.</div>	<div>0</div> <div>This option would save a small amount of time in the total build due to not having to wait for inspections and the CCC to be issued.</div> <div>As some inspections would be required it is expected that the time savings would not be as great as Option Two but the trade-off is there would be better management of non-compliant work and building deficiencies.</div>	<div>0</div> <div>May slightly reduce time to build but would depend on additional uptake following a promotion campaign.</div> <div>These pathways already exist and it is unlikely that they are not used due to a lack of awareness given the industries familiarity with them.</div>
Increased system responsiveness	<div>0</div> <div>Currently the system has few mechanisms to allow certain work or buildings to either have</div>	<div>-</div> <div>The lack of a feedback loop from inspections by BCAs would mean that failures in the building control</div>	<div>0</div> <div>There would be some oversight from BCAs in this option which would provide some opportunities to respond to</div>	<div>0</div> <div>There would be no change to responsiveness through this option as they are existing schemes.</div>

	<p>less oversight from BCAs or go through a different process.</p> <p>Some BCAs have programmes to allow trusted builders to go through a streamlined consenting process.</p> <p>BCAs are able to exercise differing levels of discretion on a building professional’s work depending on their previous experience with them. For example, if a building professional has a history of producing poor quality work a BCA may take a more thorough look at their work.</p>	<p>system for self-certified buildings would be difficult to detect and respond to. Building deficiencies can take time to present themselves following the completion of construction.</p> <p>The regulator would have some auditing capabilities to ensure work was still up to standard. If it was found that a company was consistently failing it could be removed from the scheme or the criteria to be in the scheme could change in response.</p>	<p>failures before the completion of a build. This would enable the system to respond faster to take action against companies who may not be producing work to the standard required to use this process.</p>	
<b>Appropriately allocates risk and liability</b>	<p><b>0</b></p> <p>It will remain difficult for BCAs to manage demand on their resources by allowing different built types to go through different processes.</p>	<p><b>+ / ++</b></p> <p>This would enable companies to take responsibility for managing the liability of ensuring all of their work is compliant.</p> <p>This would create more capacity for BCAs to absorb demand on their services if building activity were to increase.</p> <p>However, these benefits depend on the degree to which Companies are able to get indemnity insurance, and the level of assurance that is required from insurance companies.</p>	<p><b>+</b></p> <p>This would create some flexibility into the system by requiring fewer inspections for low-risk simple residential buildings built by trusted builders.</p> <p>This would create more capacity for BCAs to absorb demand on their services if building activity were to increase.</p>	<p><b>0</b></p> <p>May slightly increase flexibility, but would depend on additional uptake following a promotion campaign.</p>
<b>Overall assessment</b>	<p><b>0</b></p>	<p><b>++ / +++ 2/3</b></p>	<p><b>+ 1</b></p>	<p><b>0 / + 1</b></p>

Key for qualitative judgements:

- ++

much better than doing nothing/the status quo/counterfactual
- +

better than doing nothing/the status quo/counterfactual
- 0

about the same as doing nothing/the status quo/counterfactual
- worse than doing nothing/the status quo/counterfactual
- much worse than doing nothing/the status quo/counterfactual

**What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?**

144. Due to time constraints, MBIE has not been able to conduct a full and thorough analysis of the cost-benefit for the options in this RIS, nor consult and test options with industry stakeholders and those impacted by the proposals. Sapere is undertaking a CBA for both options and we expect this to be delivered by the end of March 2025. We have received some early indications from Sapere that their analysis shows the preferred options would have a net benefit assuming the level of defects is not greater than the status quo.
145. The preferred options are:
- opt-in self-certification for plumbers and drainlayers
  - opt-in self-certification for entire buildings by companies
146. From the limited analysis we have conducted we consider that the preferred options provide some benefits when addressing the problem. The degree to which the options achieve these benefits are highly dependent on the level of uptake by the sector, and the degree to which those choosing to self-certify can maintain quality work. Given that the changes proposed for self-certification of plumbers and drainlayers are lower risk and represent a smaller step-change for the sector, we can have greater confidence in likely uptake and benefits. On the other hand, as plumbing work only represents a relatively small proportion of overall consent-related costs, the impact of the change on overall building time and costs is also lower.
147. There would also be a cost imposed on plumbers and drainlayers to meet the self-certification requirements. We have not been able to conduct a thorough analysis to understand how much these costs will be, but we consider the benefits practitioners would receive would outweigh these costs.
148. Allowing reputable companies to self-certify entire simple residential buildings is likely to have a more significant impact on cost, time, and flexibility. As it is a much more significant change, it will require additional levels of assurance to ensure only companies who have the skills to self-certify can do so.
149. Given that the potential liability risk for building companies is much higher, we can be much less certain about likely levels of uptake, and overall costs of implementing the scheme. This means our confidence that the benefits outweigh the costs is also lower than for the plumber and drainlayer option.

**Key assumptions in the cost benefit analysis**

*Time saved from avoidance of inspection delays*

150. Both options include a benefit of avoiding delays relating to inspections. For the purposes of the CBA a delay is where the work to be completed has been finished and the builder is waiting for the day of inspection. For example, if a builder books an inspection on Monday for Friday and work is completed on Wednesday, then there is a delay of one day.
151. The data we have available to conduct these calculations is limited and we have had to make a series of assumptions. These are:
- normal inspection wait times are 4 business days (the day of booking is including in this number). If booked on Monday, the inspection will occur on Thursday.

- busy inspection wait times are 10 business days (the date of booking is including in this number). If booked on Monday, the inspection will occur on Friday the following week.
- a builder in the self-certification scheme would normally book an inspection with 5 business days of work for that inspection remaining including the day of booking.
- in the case of self-certification, a builder would spend 1 business day after work is complete doing their own quality assurance.
- the number of avoided inspections will be 4 for plumbers and drainlayers and 12 per entire build.

152. It is unlikely that the wait time will be consistent in the entire duration of the building work. To account for this, we have assumed that if consenting volumes are below the median, there will be normal wait times (0 days). If volumes are between the 50th and 75th percentile, it is a delay of 2 days (midpoint of normal and high wait times). If volumes are above the 75th percentile, it is a delay of four days (high wait times). This provides us with an estimated time saving of 1 day per inspection.

153. However, this does not account for time where the builder may be able to do other work while wait for the inspection, so our certainty of actual days saved is low.

Percentile volumes	Weighting	Days saved	Days saved (weighted)
0-50th	0.6	0	0
50th-75th	0.3	2	0.6
75th-100th	0.1	4	0.4
<b>Total wait times saved per inspection</b>			<b>1</b>

#### *Opt-in self-certification of plumbers and drainlayers*

154. We assume that all plumbers and drainlayers who hold a certifying plumbing or drain laying licence would be able to meet the competency requirements for this scheme – 7,965. We also assume that 80 per cent of these practitioners would also want to self-certify work under this new scheme (6,372 practitioners).

155. Of these practitioners we assume that 70 per cent of them would be able to meet other requirements such as adequate means. This is an estimate and its certainty is low. Consultation with practitioners would be required to understand how many of them would be likely to meet adequate means requirements.

156. There were 10,400 consents for single story detached houses in 2024 and we have assumed that these would meet the definition of a simple residential building. Of these we have conservatively assumed that 20 per cent of them would have plumbing and drain laying work self-certified in the first year. This is an estimate and its certainty is low.

#### *Opt-in self-certification of entire buildings*

157. The RIS estimates 3,000 residential builds out of the 10,944 residential building consents per annum would meet the definition of simple residential. This aligns with what we heard from volume builders that have expressed an interest in self-certification. This also equates to data from 2024, where the top 9 out of 20 builders in the country account for approximately 3,400 houses per annum.

158. To account for the fact that not all companies may choose to opt-in and take on the additional responsibility and liability we have assumed the scale of builds that might be self-certified under the scheme to be between 30 per cent (900) and 50 per cent (1500) of these. This is based on the assumption that only volume builders or those who build at significant scale would opt-in as a medium to large business would have the scale required to justify the upfront costs to meet eligibility requirements and the cost to undertake their own quality assurance processes in lieu of BCA inspections.
159. We have also based some of our figures on existing or recently proposed schemes such as:
- Modular Component Manufacturer homes (BuiltReady);
  - Establishment of a new regulatory regime for engineers;
  - Granny flats consent exemption.
160. These provide an estimate of what costs could be but as these schemes vary in scope and size and comparability to the proposals in this RIS, our certainty for these figures is low.



**Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?**

161. Yes, however, we note that our certainty of the estimated costs and benefits is low. A cost-benefit analysis is currently being undertaken by Sapere and will provide us with greater certainty of the costs and benefits. We expect this will be delivered by late March 2025.

## What are the marginal costs and benefits of the preferred option in the Cabinet paper?

### *Plumbers and Drainlayers*

Affected groups	Comment	Impact	Evidence Certainty
<b>Additional costs of the preferred option compared to taking no action</b>			
Practitioners	Initial registration costs	\$1.73m	<b>Low</b> This is based on the current fees in the Plumbing, Gasfitters and Drainlayers regime for registration of a licence. The level of uptake is not clear, we assume that 20 per cent of plumbers would meet all requirements.
	Annual fees and levies	\$1.67m	<b>Low</b> This cost is based on existing fees and levies. The level of uptake is not clear we assume that 20 per cent of plumbers would meet all requirements.
	Cost of meeting eligibility criteria	Low	<b>Low</b> The eligibility criteria has not been developed yet so the cost is unclear, but the cost to meet adequate means may not be possible for some.
PGD Board	Establishing licensing system	Medium	<b>Low</b> We have not estimated how much it would cost to establish a new licence class or to expand the existing one. However, the PGD Board have told us that this cost could not be covered from their baselines.
	Operational costs	Low	<b>Low</b> Operational costs are intended to be cost recovered. We have not established the cost for operating this scheme. Operating costs would include FTE to process and manage

			applications, IT costs, auditing work, and managing complaints.
MBIE	Monitoring	Medium	<b>Low</b> These costs would not be cost recovered. We have not established the cost for operating this system.
Consumers	Defects in buildings	Low	<b>Low</b> We are not sure what the level of defects could be or to what extent these would be covered by the practitioner.
<b>Total monetised costs</b>		<b>\$3.4m per annum</b>	
<b>Non-monetised costs</b>		<b>Medium impact</b>	
<b>Additional benefits of the preferred option compared to taking no action</b>			
Practitioners	Avoided delays waiting for inspections	<p>Time saving of 4 days per build.</p> <p>\$1,637.60 per build</p> <p>\$3.58m per annum</p>	<p><b>Low</b></p> <p>We have used an estimate used for the Granny Flats CBA to work out the cost per day a project is delayed. This comes to \$409.40 per day.</p> <p>There were 10,944 consents for single story residential buildings in 2024 which we have assumed would meet the definition of simple residential building. This is a rough assumption as it does not account for the weathertightness risk which would need to be six or below to meet the definition. We assume that initially 20 per cent of these would have self-certified plumbing and drainlaying work. This is expected to increase with time as more practitioners enter the scheme.</p> <p>We are not certain of how many practitioners would use the scheme and how many homes would have self-certified work.</p>

	Lower inspection costs	offset – see comment	While practitioners would not need to pay inspection fees, this benefit will likely be offset by the building professionals own auditing processes and the process to certify their work. It would be a savings if the quality assurance was already undertaken. Targeted consultation indicated that this isn't the case.
	Competitive advantage	Medium	<b>Low</b> Being part of the scheme may be seen as a mark of quality by consumers that these practitioners can be trusted to provide good quality work.
BCAs	More capacity	Low	<b>Low</b> Building Consent Authorities will have some additional capacity due to having to do fewer inspections however as we do not have a strong indication of how many practitioners would be in the scheme we have low certainty as to the impact of this.
Consumers	Lower construction costs	Low	<b>Low</b> We expect that some of the cost savings will be passed onto consumers. We are not certain as to how significant this might be. Consenting costs are not a major cost in a build and plumbing work does not make up a significant cost either.
	Consumer awareness	Low	<b>Medium</b> Consumers will be able to see which plumbers and drainlayers have been approved to self-certify work which would give them a better idea of which practitioners have been trusted to provide high quality work.
<b>Total monetised benefits</b>		<b>\$3.58m per annum</b>	Low certainty

<b>Non-monetised benefits</b>		<b>Medium</b> <b>Time saving of 4 days</b> <b>per build</b>	Low certainty
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Entire building

Affected groups (identify)	Comment <i>nature of cost or benefit (eg, ongoing, one-off), evidence and assumption (eg, compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
<b>Additional costs of the preferred option compared to taking no action</b>			
Companies	Initial registration costs	\$6,162 per building professional	<b>Low</b> This has been based on the registration fees in the BuiltReady scheme. These fees are charged on a per hour basis, and we have used the maximum fee. The requirements for the self-certification scheme have not been developed yet so we are unsure how long it would take to process an application. It is unlikely that the cost would be greater than this.
	Auditing costs	\$6,162.19 per audit, every two years	<b>Low</b> This has been based on the auditing fees of the BuiltReady scheme, where it was assumed this cost will be equivalent to the initial cost to register. There would be an audit at least every two years with the possibility of more frequent auditing if required. We are not sure how thorough they will be at this stage.
	Cost of meeting eligibility criteria	Medium	<b>Low</b> Companies will need to show they meet the eligibility criteria, such as adequate means. What the criteria would be and how they could be expressed is still being developed so we are unsure what the cost may be. BuiltReady requires the companies prove their financial

			standing is sound and that they could cover any deficiencies with their work. This scheme may have similar provisions.
MBIE	Establishment and administration costs	<p>One-off costs: \$106,982</p> <p>Ongoing costs per annum: \$141,078</p>	<p><b>Low</b></p> <p>The costs to establish the infrastructure for a new regulatory regime can be considerable. Its cost will depend on what data needs to be collected, the volume of this data, FTE required to process applications etc. We are still designing what this may look like, so we do not have exact costs at this time.</p>
Consumers	Increased defects in buildings	<p>\$48,276 per self-certified building.</p> <p>If 900 homes were self-certified per annum and 12 per cent had defects, this would equate to \$5.2m per annum. If 24 per cent had defects, this would equate to \$10.4m per annum.</p>	<p><b>Low</b></p> <p>We are not sure what the level of defects could be or to what extent these would be covered by the practitioner. This RIS assumes the home to be 200 square metres for the cost of construction. The estimates in the Granny Flats CBA for the cost of construction (\$4,023 per square metre) and cost of a defect (6 per cent of the total build cost) are used.</p>
<b>Total monetised costs</b>		<b>\$5.34m - \$10.4m per annum</b>	
<b>Non-monetised costs</b>		<b>Medium</b>	
<b>Additional benefits of the preferred option compared to taking no action</b>			
Regulated groups	Avoided costs of consents	\$4,141 per self-certified building.	<b>Low</b>

		If between 900 and 1500 homes are self-certified each year, this could equate to \$3.7m to \$6.2m per annum.	This assumes there will be no consent fee. As a nominal consent will still be required, there is likely to be a charge.
	Avoided cost of delays from processing consent applications	<p>\$3,275.20 per self-certified building.</p> <p>If between 900 and 1500 homes are self-certified each year, this could equate to \$2.94m to \$4.91m per annum.</p> <p>Time saving of 8 days per build.</p>	<p><b>Low</b></p> <p>For the BuiltReady scheme, it is estimated the time savings from faster consenting would be 8 days. We have adopted this assumption for the RIS. We have used the savings per day used for the Granny Flats CBA (\$409.40 per day).</p>
	Avoided inspection fees	Offset - see comment	While companies would not need to pay inspection fees, this benefit will likely be offset by the building professionals own auditing processes and the process to certify their work. It would be a savings if the quality assurance was already undertaken. Targeted consultation indicated that this isn't the case.
	Avoided delays waiting for inspection	<p>Time saving of 12 days per self-certified building.</p> <p>\$4,912.8 per self-certified building.</p>	<p><b>Low</b></p> <p>For this RIS, the number of inspections assumed to be avoided is 12 per build. To calculate for variance of wait time across a building project, we have assumed if consenting volumes are below the median, there will be</p>



		<p>If between 900 and 1500 homes are self-certified each year, this could equate to \$4.4m to \$7.3m per annum.</p>	<p>normal wait times (0 days). If volumes are between the 50th and 75th percentile, it is a delay of 2 days (midpoint of normal and high wait times). If volumes are above the 75th percentile, it is a delay of four days (high wait times).</p> <p>We then estimate that each self-certified building would save 12 days from avoiding inspection delays.</p> <p>We have used an estimate used for the Granny Flats CBA to work out the cost per day a project is delayed. This comes to \$409.40 per day.</p> <p>Our certainty of these figures is low as we do not have complete data for inspection wait times or insight into when builders book inspections.</p> <p>Our certainty of the monetary benefits is low as the figure assumes each day of delay is wasted and no work is done. However, it is likely that builders will do other work while waiting for an inspection and so every day of delay wouldn't be completely wasted.</p>
	Competitive advantage	Medium	<p><b>Medium</b></p> <p>Companies in this scheme will be able to build faster and slightly cheaper than their competitors. We are unsure if consumers would be comfortable with purchasing a self-certified home so the impact of this advantage is medium.</p>
BCAs	More capacity	Medium	<p><b>Low</b></p> <p>Due to not having to conduct inspections for self-certified homes BCAs will have greater capacity to provide their services. However, we are unsure how many houses may be covered by the scheme and so are unsure of the extent to which BCA capacity will be increased.</p>
Consumers	Lower construction costs	Low	<p><b>Low</b></p>

			We are not sure how much of the cost savings would be passed onto the consumer. It could be possible that the faster time is used as a premium feature.
	Consumer awareness	Low	<b>Medium</b> Consumers will be able to see which companies have been approved to self-certify work which would give them a better idea of which companies have been trusted to provide high quality work.
<b>Total monetised benefits</b>		<b>\$13.6m - \$22.7m per annum</b>	Low certainty
<b>Non-monetised benefits</b>		<b>Medium</b> <b>Time saving of 20 days per build.</b>	Low certainty

## Section 3: Delivering an option

### How will the proposal be implemented?

#### Legislative vehicles and implementation timeframes

162. The opt-in self-certification scheme for plumbers and drainlayers would be established through amendments to the Plumbers, Gasfitters and Drainlayers Act 2006.
163. The self-certification scheme for entire buildings would be established through amendments to the Building Act 2004 (option 4). These changes would likely progress in separate bills as more time would be required to establish the entire buildings scheme.
164. Secondary legislation would be required for both options. Board rules would be required for plumbers and drainlayers to establish the registration criteria and fees. For the entire buildings self-certification scheme regulations would be created through the Building Act to establish criteria and fees and levies for the scheme.

Option	Primary legislation	Secondary legislation
Plumbers and drainlayers	Plumbers, Gasfitters and Drainlayers Act 2006	Plumbers, Gasfitters and Drainlayers Board rules
Entire buildings	Building Act 2004	New regulations through the Building Act

Table 1: Legislative vehicles for preferred options

165. The Minister wishes to pass both pieces of primary legislation in early 2026. The legislation would provide the framework for both schemes with details such as the definition of simple residential buildings and the criteria to be in each regime. Confidential advice to Govern
166. The PGD Board will be responsible for developing the secondary legislation, however MBIE will provide support. MBIE will be responsible for developing the regulations for the entire build scheme.
167. Secondary legislation would begin development as the legislation proceeds through the House to enable the schemes to be functional within a year of the legislation gaining Royal assent.
168. Supporting infrastructure, such as systems to manage records, will be needed for the schemes to be functional. This is expected to be done alongside the development of secondary legislation to ensure there is sufficient time to establish them.

#### Regulator

169. The regulator for the plumbers and drainlayers scheme would be the Plumbers, Gasfitters and Drainlayers Board. They would be responsible for assessing and approving applications. There has been limited consultation with the Board on how this would be designed or implemented. If Cabinet proceeds with this option, we will continue to engage with the Board during drafting to ensure the design of the scheme is feasible.
170. It is assumed that MBIE would be the regulator for the entire building self-certification scheme. Specific functions would depend to some degree on the detailed design of the scheme, and there would be options for these to be delegated to another party or retained by MBIE.

171. Due to time constraints, there has not been sufficient time to test the potential design of the scheme to understand what processes and infrastructure would be required to enable it and what this would cost. If Cabinet proceeds with this option, we will continue to engage internal staff to get assurances of this.

Option	Regulator
Plumbers and drainlayers	Plumbers, Gasfitters and Drainlayers Board
Entire buildings	Ministry of Business, Innovation and Employment

Table 2: Regulator for preferred options

#### Funding

172. It is intended that the schemes are to be self-funded once they are fully operational. There will need to be some initial funding to establish the infrastructure for the schemes and to support the operational functions until enough people have opted in to fully cost recover. It has not been determined what these costs will be and the funding source is to be confirmed.
173. Any establishment costs to MBIE and the PGD Board associated with the implementation of the self-certification schemes will be explored in more detail as part of work on regulations to support implementation. Confidential advice to Government
174. In recent years, the building levy account has been in surplus due to high levels of building activity and costs in 2020-2023. Confidential advice to Government
175. Current forecasting does not consider the impact of several policy initiatives the Government is considering that will reduce revenue further by reducing the numbers of buildings that need to pay the building levy. There may also be establishment costs for new regulatory functions that need to be funded via the building levy (for example costs associated with establishing the self-certification scheme before cost-recovery could begin).
176. A key consideration going forward will be achieving a balance between providing sufficient funds for MBIE to run its building system functions and maintaining a close to zero balance in the memorandum account. MBIE has work underway or planned that will support this.

#### Other work required to implement the options

177. With any of the options communications would need to be made with the industry and public on the changes. This would include letting professionals and companies know what their new obligations would be if they were to self-certify. Engagement with the public would include letting consumers know what self-certification might mean if they were to purchase a self-certified home, a home with self-certified work in it or engaging with a building practitioner who self-certified their work.

#### Uptake is crucial to the success of each option

178. The costs to operate each scheme is intended to be recovered from those in it through fees and levies. There is a risk that if uptake is too low the schemes will not be able to fund themselves and will require additional funding.

179. Those applying for self-certification in either scheme will be charged rates which recover the costs of assessing their applications and providing approvals. For plumbers and drainlayers costs will be recovered by the PGD Board who conduct the assessments through the existing regulatory regime for plumbers, gasfitters and drainlayers. For entire builds, costs will be recovered by MBIE through a new function.
180. There will also be costs recovered for other operational activities, such as disciplinary functions. For plumbers and drainlayers this will be an annual levy. Plumbers and drainlayers currently pay a levy to be registered with a base rate of \$275 with an additional \$100 for every additional licence they receive we expect this model to continue. For companies there will be a fee to cover the cost of an audit which is expected to occur at least once every two years (or more frequently if needed).
181. There is a risk that if there are no appropriate insurance products available on the market to cover self-certified work that this may limit the number of people and companies that would have adequate means to be part of the scheme. The detail of what the requirements will be set in regulations. MBIE intends to do consultation on the regulations to ensure the requirements are balanced correctly.
182. The Government are currently looking at the liability settings in the building and construction sector. This includes potentially introducing supporting structures to support the liability settings which are intended to drive better accountability, efficiency and behaviours in the sector. These would ensure that when something goes wrong there is an efficient resolution. This may assist those wanting to self-certify to meet adequate means.

## How will the proposal be monitored, evaluated, and reviewed?

### *Managing complaints and poor work*

183. People will be able to file a complaint with either the Plumbers, Gasfitters and Drainlayers Board or MBIE for the entire building scheme. For plumbers and drainlayers the existing processes for considering and investigating a complaint would be undertaken. The Board keeps note of complaints and reports them in their annual report.
184. For entire buildings, MBIE would investigate any complaints received about companies. Upon upholding a complaint MBIE will take disciplinary action which may include removing a company or lead contractor from the scheme.

### *Monitoring financial performance*

185. Numbers of self-certifying plumbers and drainlayers will be recorded by the Plumbers, Gasfitters and Drainlayers Board. These numbers would be reported by the Board in their annual report along with a report of their financial performance.
186. For entire build self-certification, MBIE would record the number of lead contractors and businesses who are part of the scheme. Fees will be set according to needs to cost recover, and the financial performance will be monitored by MBIE. The financial performance of the scheme would be reported to the Minister of Building and Construction on an annual basis.

### *Monitoring the effectiveness of the option*

187. MBIE will develop a plan on how the policy proposals will be monitored and evaluate. We have an existing relationship with BCAs to collect data on consent and inspection timeframes that we can build on.
188. MBIE expects to be able to monitor the improvements to the time to build using consent data. For plumbers and gasfitters, BCAs will be made aware during the consent application stage whether plumbing or drainlaying work is self-certified. For entire buildings we could use data on the number of nominal consents.
189. We would then be able to compare the time these builds take to get from a consent being issued to the CCC being issued to understand how much time might be saved. However, we may not be able to tell if the time to build is being impacted by self-certification or another factor, such as material or labour availability.
190. For entire builds, companies will receive a 'nominal' consent. We will be able to work with BCAs to receive the number of these consents that are issued. Companies will be required to notify BCAs that work has been completed to receive a CCC. We will be able then compare the time to build these homes and those going through the normal consent process. However, this data will have similar limitations to the plumbers and drainlayers scheme mentioned above.
191. Cost savings may be more difficult to measure as accurately or as frequently as time savings. Cost savings will only be known to companies or practitioners, and we would have to ask them for this data directly. House price data or similar metrics may not reflect the extent of cost savings as the cost savings may not be passed onto consumers or practitioners and companies may instead charge a premium to provide services faster than their competitors.

192. It may be difficult to measure how much of an impact each option may have toward non-compliance with the Building Code, especially entire building self-certification which has no Building Consent Authority oversight. There is no central scheme for consumers to claim against building deficiencies of non-compliance so being able to collect data on non-compliance may not possible after a build has been completed.
193. Auditing may provide some insight into the level of non-compliance that may be occurring. Similarly upheld complaints against self-certifiers may also provide some insight into the level of non-compliant work that had been self-certified.

## **Appendix A: Stage One Cost Recovery Impact Statement**

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# Stage 1 Cost Recovery Impact Statement

Establishing self-certification schemes for simple residential building work.

## Status quo

### What is being proposed?

The Government is seeking ways to reduce the time it takes to build and is investigating options to speed up the consenting process. The Minister has identified two preferred options to introduce a new scheme to allow some building professionals and building companies to self-certify that their work complies with the Building Code, without the need for a Building Consent Authority to certify the work.

In both cases only new simple residential building work would be eligible for self-certification, and the professional or company would hold sole liability for all self-certified work.

Option one would allow appropriately qualified plumbers and drainlayers to self-certify their work. The Building Consent Authority would still need to ensure that the design of plumbing and drain-laying work is compliant with the Building Code when designs are submitted for a building consent, but would have no role in inspecting and certifying the work. A Certificate of Code Compliance would not be issued for plumbing work in simple residential buildings.

Option two would allow companies or lead contractors to certify entire house builds as being compliant with the Building Code without inspections or sign-off from the Building Consent Authority. A building consent would still be required but the Building Consent Authority would only check that the company is registered to self-certify and that the building is a simple residential building. The Building Consent Authority would not check that the design is compliant with the Building Code as they do currently.

Options	Who can opt-in?	What work?	Regulator
<b>Option one: Self-certification for plumbers and drainlayers (Certificate of Code Compliance not issued).</b>	Registered plumbers and drainlayers who hold the certifying class (the highest class available).	Plumbing and drain-laying work for new simple residential builds.	Plumbers, Gasfitters and Drainlayers Board.
<b>Option two: Self-certification for volume builders (consent still required).</b>	Lead contractor for trusted volume builders who meet requirements.	Entire build for new simple residential builds.	MBIE (specifics to be determined).

The two options will require administration and regulation which will need to be cost recovered, within three principal functions:

- assessing and approving people to self-certify
- auditing and monitoring self-certified work

- dealing with complaints and discipline.

In the case of plumbers and drainlayers these functions will be administered by the Plumbers, Gasfitters, and Drainlayers Board, the statutory regulator for these professions. A new licence class for plumbers and drainlayers will be created for those who opt-in to the scheme.

In the case of lead contractors for volume builders these functions will be administered centrally by MBIE. Specifics of how these functions will be administered and run will be set out in regulations, which we intend to begin developing as the bill is going through the legislative process. This is expected to begin in late 2025. We will get a clearer idea of the resourcing and budget implications through this development.

## Problem definition and policy outcomes

Self-certification supports the Government's commitment to increase housing supply by improving efficiency and competition in the building system, reducing barriers and driving down costs.

The cost of building houses in New Zealand is high and unaffordable for many. In order to address this issue more homes have to be built to meet the current housing deficit. However, building a new home can be expensive and time-consuming depending on a variety of different factors.

One factor is the time it takes to go through the building consent process, which can be rigid and inflexible in relation to risk. Self-certification presents the opportunity to speed up the consenting process and make building faster and more efficient. But it also presents greater risks of mistakes and building defects slipping through undetected, which could cause harm to health, safety and the economy.

This means there is a need to ensure only appropriate professionals are able to self-certify, and that there are robust monitoring and auditing mechanisms, as well as complaint and disciplinary systems in place.

## What has been agreed?

The Minister has agreed to seek final Cabinet decisions on introducing a self-certification pathway for plumbers and drainlayers, and for trusted volume builders to self-certify a entire build for a simple residential dwelling.

Cabinet has noted that officials are exploring policy options to introduce a self-certification scheme, and we are now seeking final approval from Cabinet to implement the scheme after receiving the Minister's approval. This will require changes to the *Plumbers, Gasfitters, and Drainlayers Act* and the *Building Act*, including authorisation to recover costs for the new functions.

The activities to be cost-recovered are all new and the specifics will be determined through the development of regulations beginning in late 2025. While most will require new charges to be added (see below) it is possible that some may be able to be recovered through existing charges. For example, the Plumbers, Gasfitters and Drainlayers Board's disciplinary levy may potentially be used for self-certification.

## Policy Rationale: Why a user charge? And what type is most appropriate?

Self-certification has the potential to make it easier, quicker and more efficient to build, which will benefit building professionals and consumers. However, it also creates greater risks of poor-quality building work slipping through undetected, which creates risks to health, safety and the economy.

These risks need to be mitigated through appropriate processes:

- ensuring that individuals meet high standards, including experience, qualifications, and are fit and proper persons.
- robust auditing and monitoring processes
- effective complaints processes and disciplinary measures (including when a professional or company falsely claims to be registered for self-certification).

These measures will create costs for the Plumbers, Gasfitters and Drainlayers Board and MBIE. It is appropriate and fair that those standing to benefit from increased building activity and creating the risk be the ones to pay for this mitigation.

The proposals meet the principles of cost recovery, as self-certification is opt-in (charges are only imposed on those who choose to participate) and will be administered and charged for separately from other similar charges, such as existing charges under the Plumbers, Gasfitters and Drainlayers Board. Both MBIE and the Board will recover their costs separately. The real costs can be easily identified, meaning they will be accurately reflected in the charges. This means the charges will be equitable, efficient, justifiable and transparent.

While the specific outputs are yet to be determined, they are expected to meet the definition of private goods, as the benefits will only be used by the individuals who opt-in.

We are proposing full cost recovery as those participating in the scheme are also the main beneficiaries of the risk. We expect that most costs can be recovered, but there may need to be some Crown funding to set up the scheme.

We have not yet determined exactly what charges should be in place. We have identified three key activities to be cost-recovered and potential outputs, but the specific outputs to be charged are yet to be determined:

Activities	Plumbers (Plumbers, Gasfitters and Drainlayers Board)	Entire build (MBIE)	Potential outputs/charges
Assessing, approving and registering	Board assesses and approves professionals who hold existing “certifying” class.  New licence class for professionals who are able to self-certify.	MBIE assesses and approves applications for people to be the lead contractor for a volume builder to self-certify entire build.  MBIE holds database of registered people that Building Consent Authorities can access.	Initial registration fee.  Annual licencing fee (Plumbers and drainlayers only).

<b>Auditing and monitoring</b>	Board audits and monitors self-certified plumbing and drain-laying work (new function).	MBIE audits and monitors self-certified entire builds by volume builders (could use existing functions).	Auditing fee or levy.
<b>Complaints and disciplinary measures</b>	Board investigates complaints into self-certified work and performs disciplinary functions (new function, but could use existing functions).	MBIE investigates complaints into lead contractor self-certified work and performs disciplinary functions.	Annual discipline levy.  (For plumbers and drainlayers this could be part of the existing disciplinary levy).

Charges will be paid by those plumbers and drainlayers who choose to register to self-certify. We assume that all plumbers and drainlayers who hold a certifying plumbing or drain laying licence would be able to meet the competency requirements for this scheme (7,965 practitioners). We also assume that 80 per cent of these practitioners would also want to self-certify work under this new scheme (6,372 practitioners).

We estimate there will be around 19 volume builder companies who will meet eligibility criteria and will opt-in to self-certification for entire builds. This is based on the expression of interest we have received from the Registered Master Builders Volume Builder Group and our assumption from stakeholder engagement that around 25% of interested companies will be able to meet the criteria.

We expect uptake may increase over time if the schemes are working well and adding value for professionals and consumers.

## High level cost recovery model (the level of the proposed fee and its cost components)

We have not yet determined what specific outputs should be in place, but there are likely outputs that would be paid under both options. We are unable at this stage to provide estimates for activity expenses, revenue, or estimates for what user charges may be. We will consult with the Plumbers, Gasfitters and Drainlayers Board and with internal teams in MBIE to develop a detailed model for cost recovery as part of the development of regulations, which will take place as the bill goes through the legislative process.

The below table lists some of the likely charges and compares with existing charges. These comparisons are from similar schemes, but we cannot say with any degree of confidence or certainty that self-certification charges will necessarily be similar. These figures would be finalised as we develop secondary legislation and the PGD Board develops new rules that would set fee levels.

Potential Self-certification charge	Similar existing charge	Amount	Scheme/Regulations
Assessing, approving and registering (plumbers and drainlayers).	Registration (per registration class, per trade).	\$390.00	Plumbers, Gasfitters, and Drainlayers Board.

Assessing, approving and registering (lead contractor/volume builders).	Application for registration as modular component manufacturer.	\$90.15 per hour, up to \$5,859.75	Building (Modular Component Manufacturer Scheme) Regulations 2022.
Auditing and monitoring.	Building work inspection fee.	\$271.50 per hour	Wellington city Building Consent Authority.
Complaints and discipline.	Disciplinary and prosecution levy (Similar levy could be used by MBIE for entire build).	\$275.00 per year	Plumbers, Gasfitters, and Drainlayers Board.

We expect underlying assumptions to change as we develop detailed models with more information over time. Factors that may impact estimates include:

- final eligibility criteria for applicants
- expectations around uptake
- outcomes of consultation with Plumbers, Gasfitters and Drainlayers Board and internal MBIE teams.

Due to time constraints a full cost-benefit analysis has not been done for the options in this Cost Recovery Impact Statement. A Cost-Benefit Analysis is being undertaken by Sapere which we expect to receive by the end of March, which will inform our analysis of final cost recovery levels.

## Consultation

No consultation has been undertaken on the proposed fees in this Cost Recovery Impact Statement.

There has been targeted consultation with building consent authorities and industry stakeholders on the general idea of self-certification but not on the design and feasibility of these proposals.

Some consultation has been undertaken on similar proposals in 2020 on a wide variety of issues in the building consent system and potential solutions to these problems.

In 2022 targeted consultation was undertaken by Sapere looking specifically at self-certification for plumbers and drainlayers. Its scope was different to the Minister's current proposal in that it was not limited to simple residential buildings.

From previous consultation, particularly from 2022, MBIE is aware that there is not a consistent view on self-certification. Some practitioners supported self-certification while others were not convinced the industry was ready for the change.

Some industry groups such as Master Plumbers are supportive of self-certification proposals, believing plumbers should take accountability for their work. Master Builders and some volume builders have also been supportive of enabling companies to self-certify their work. Other groups such as the New Zealand Institute of Building Surveyors have reservations

about the proposal and do not believe the industry education processes are up to standard to support a self-certification scheme.

We will consult closely with the Plumbers, Gasfitters, and Drainlayers Board and internal MBIE teams to obtain data and evidence to inform the development of detailed cost recovery models. We also intend to undertake targeted consultation when developing regulations, including fees.