



COVERSHEET

Minister	Hon Chris Penk	Portfolio	Building and Construction
Title of Cabinet paper	Changing Building and Construction Liability Settings and Reforming the Structure of Building Consent Authorities	Date to be published	8 October 2025

List of documents that have been proactively released

Date	Title	Author
August 2025	Changing Building and Construction Liability Settings and Reforming the Structure of Building Consent Authorities	Office of Hon Chris Penk, Minister for Building and Construction
13 August 2025	Changing Building and Construction Liability Settings and Reforming the Structure of Building Consent Authorities ECO-25-MIN-0121 Minute	Cabinet office
16 July 2025	Regulatory Impact Statement – Shift to Proportionate Liability for Building and Construction	MBIE
28 July 2025	Regulatory Impact Statement: Building Consent Authority – Barriers to Consolidation	MBIE

Information redacted

YES / NO (please select)

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, Legal professional privilege and Commercial information.



Cabinet Economic Policy Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Changing Building and Construction Liability Settings and Reforming the Structure of Building Consent Authorities

Portfolio **Building and Construction**

On 13 August 2025, the Cabinet Economic Policy Committee (ECO):

Making responsibility a focus of liability settings in building and construction

- 1 **noted** that current joint and several liability settings have a chilling effect on productivity and efficiency in the building consent system;
- 2 **agreed** to change liability rules in the building and construction sector from joint and several to proportionate liability;
- 3 **authorised** the Minister for Building and Construction (the Minister) to issue drafting instructions to the Parliamentary Counsel Office (PCO) to give effect to the changes to liability settings agreed above;
- 4 **noted** that the private market is a sufficient starting point to support the transition to proportionate liability, and that the Minister is not proposing that the Crown be directly involved in a warranty scheme;
- 5 **directed** officials to develop options for supporting mechanisms, for the move to proportionate liability, including a deposit scheme and an opt-out home warranty requirement to protect consumers;
- 6 **invited** the Minister to report back to ECO before the end of 2025 on supporting mechanisms as outlined above;

Building Consent Authority Structural Reform

- 7 **noted** that in September 2024, following ECO's agreement that the Minister investigate options to reform the building consent system [ECO-24-MIN-0192], officials undertook extensive consultation on options for Building Consent Authority (BCA) structural reform;
- 8 **noted** that the current fragmented building consent system, which comprises 68 separate BCAs, is leading to inconsistency, uncertainty and inefficiency, which makes it harder to build;
- 9 **noted** that New Zealand's first private BCA was established in May 2025 and other commercial entities have also expressed interest in becoming established as BCAs;

10

11 **authorised** the Minister to issue drafting instructions to PCO for a bill and regulations as required to:

11.1 enable voluntary consolidation through such methods as removing requirements for a Territorial Authority (TA) to be a BCA, and to maintain that accreditation if they transfer functions to another BCA, and remove rules that prevent TAs from transferring their BCA functions to an organisation that is not a TA (e.g. a Council-Controlled Organisation);

11.2 update and standardise consent processes and remove duplicative accreditation requirements for BCAs;

12 **agreed** that as part of this change, Ministry for Business, Innovation and Employment officials work with BCAs and the sector to create a nationally consistent set of data requirements that allow for consistency and predictability and remove barriers in the system for consolidation;

13 **authorised** the Minister to further clarify and develop policy matters relating to the above in a manner consistent with Cabinet's decisions.

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Hon Chris Bishop (Chair)
Hon Brooke van Velden
Hon Shane Jones
Hon Erica Stanford
Hon Paul Goldsmith
Hon Dr Shane Reti
Hon Todd McClay
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Nicola Grigg
Hon Mark Patterson
Hon James Meager
Hon Scott Simpson

Officials present from:

Office of the Prime Minister
Office of Hon Erica Stanford
Office of Hon Chris Penk
Officials Committee for ECO