



COVERSHEET

Minister	Hon Chris Penk	Portfolio	Building and Construction
Title of Cabinet paper	Strengthening consumer protections in the Building Act	Date to be published	15 December 2025

List of documents that have been proactively released

Date	Title	Author
November 2025	Strengthening consumer protections in the Building Act	Office of Hon Chris Penk, Minister for Building and Construction
12 November 2025	Strengthening consumer protections in the Building Act ECO-25-MIN-0190 Minute	Cabinet Office
10 October 2025	Regulatory Impact Statement – Supporting mechanisms for proportionate liability in the building and construction sector	MBIE
5 November 2025	Regulatory Impact Statement – Increasing the maximum fine and suspension term for Licensed Building Practitioners	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 reasons of Commercial information, Protecting the privacy of natural persons, Confidential advice to Government and Free and frank advice.



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.

Strengthening Consumer Protections in the Building Act

Portfolio **Building and Construction**

On 12 November 2025, the Cabinet Economic Policy Committee (ECO):

Home warranties

- 1 **noted** that requiring home warranties (either guarantees or insurance products) will provide more effective consumer protection than an opt-out scheme;
- 2 **agreed** to amend the Building Act 2004 (the Act) to require homeowners to purchase home warranties for all new builds, including residential houses and small to-medium sized apartment buildings, and renovations \$100,000 or above (including GST) that involve restricted building work and a building consent;
- 3 **agreed** that all building warranty providers must register with the Ministry for Business, Innovation and Employment (MBIE);
- 4 **agreed** that providers must publish plain-language information about their products on a public website;
- 5 **agreed** to require home warranties to be transferable to any subsequent homeowner during the warranty period, provided all conditions continue to be met;
- 6 **agreed** to amend the Act to enable regulations to be made to specify:
 - 6.1 categories of exemptions from the home warranty requirement, such as self-certified simple residential dwellings and work done by owner-builders;
 - 6.2 the requirements that warranty providers must attest to for registration, including their ability to meet actuarial, operational and reporting requirements;
 - 6.3 the information that warranty providers must provide to MBIE, and the specified interval;
 - 6.4 the plain language publication requirements for warranty providers, including coverage conditions and exclusions;
- 7 **agreed** to not progress deposit protection proposals given the existing range of deposit protection products in the market;

- 8 **directed** officials to continue to investigate opt-out pathways for the home warranties requirement to mitigate the risk of unintended economic impacts, and report back to the Minister for Building and Construction (the Minister) after implementation with any recommended changes;

Professional indemnity insurance

- 9 **noted** that requiring professional indemnity insurance for those contributing to the design of building work (e.g., architects, designers, engineers and building surveyors) will strengthen sector accountability and provide additional consumer protections;
- 10 **agreed** to amend the Act to enable the introduction of compulsory professional indemnity insurance for professionals contributing (through advice or service) to the design of building work with a total value \$100,000 or more (GST inclusive);
- 11 **agreed** to exempt owner-builders and professionals operating on behalf of a territorial authority or building consent authority from the requirement;
- 12 **agreed** to amend the Act to include regulation-making powers to specify the scope of advice or services for which professional indemnity insurance must be held, any requirements relating to the conditions or adequacy of the insurance, and any associated disclosure obligations for professionals;

Suspension of warranty and professional indemnity insurance requirements

- 13 **noted** the risk to the building and construction sector if home warranty and professional indemnity insurance products become unavailable or cost prohibitive;
- 14 **agreed** to enable, via Order in Council, the temporary suspension of the requirements for home warranty and/or professional indemnity insurance, where circumstances arise that make the requirements unworkable with reference to criteria prescribed in regulation;
- 15 **agreed** that a suspension can be imposed at any time, for up to two years, and be extended or revoked, with each extension limited to a maximum of two years;

New offences and penalties for warranty and PI requirements.

- 16 **agreed in principle** to introduce offences for non-compliance with home warranty and professional indemnity insurance requirements, subject to further feedback from the Ministry of Justice as to their appropriateness during the bill drafting stage;
- 17 **agreed in principle** that penalties for the above offences will be consistent with those for similar existing offences within the Act;

Changes to Licensed Building Practitioner penalties

- 18 **agreed** to increase the maximum fine that can be issued to a licensed building practitioner by the Building Practitioners Board to \$20,000, and the maximum term of licence suspension to 24 months;

Legislation and implementation considerations

- 19 **agreed** that home warranty and professional indemnity insurance requirements will be enacted alongside the change in liability rule, one year after commencement of the Building Amendment Act;

- 20 **agreed** that registration requirements for warranty providers will come into force three months following commencement of the Building Amendment Act;
- 21 **authorised** the Minister to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions via the Building Amendment Bill and the Building and Construction Sector (Strengthening Occupational Licensing Regimes) Amendment Bill;
- 22 **authorised** the Minister to make decisions, consistent with the above and the overall policy described in the paper under ECO-25-SUB-0190, on any issues that arise during the drafting process;
- 23 Confidential advice to government

Rachel Clarke
Committee Secretary

Present:

Hon David Seymour
Rt Hon Winston Peters
Hon Nicola Willis (Chair)
Hon Chris Bishop
Hon Shane Jones
Hon Brooke van Velden
Hon Dr Shane Reti
Hon Tama Potaka
Hon Simon Watts
Hon Chris Penk
Hon Penny Simmonds
Hon Andrew Hoggard
Hon Mark Patterson
Hon Nicola Grigg
Hon James Meager
Hon Scott Simpson
Simon Court MP

Officials present from:

Office of the Prime Minister
Office of Hon Chris Bishop
Officials Committee for ECO