MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

COVERSHEET

Minister	Hon Chris Penk	**Portfolio**	Building and Construction
Title of Cabinet paper	Building Amendment Bill: Approval for Introduction	**Date to be published**	11 August 2026

List of documents that have been proactively released		
Date	**Title**	**Author**
June 2026	Building Amendment Bill: Approval for Introduction	Office of the Minister for Building and Construction
25 June 2026	Building Amendment Bill: Approval for Introduction LEG-26-MIN-0139 Minute	Cabinet Office

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 and free and frank opinions.	

In Confidence

Office of the Minister for Building and Construction

Cabinet Legislation Committee

Building Amendment Bill: Approval for Introduction

Proposal

1 This paper seeks approval for the introduction of the Building Amendment Bill (the Bill).

2 It also asks Cabinet to:

2.1 note decisions made under delegated authority during drafting of the Bill;

2.2 agree to offences and penalties to address non-compliance with new home warranty and professional indemnity insurance requirements;

2.3 authorise the Minister to approve minor or technical changes to the Bill, consistent with Cabinet agreed policy, prior to its introduction to the House; and

2.4 agree to progress self-certification for entire builds in a separate legislative vehicle, Confidential advice to Government

Policy

3 The Bill makes targeted amendments to the Building Act 2004 (the Act) to address inefficiencies in the building system that increase costs, delay delivery, and constrain performance, including through clearer allocation of roles, responsibilities, and risk.

4 The Bill gives effect to Cabinet decisions to:

4.1 reform liability in the building and construction sector by replacing joint and several liability with proportionate liability, to better align accountability with responsibility for loss and address longstanding inefficiencies and risk-averse behaviour [August 2025, ECO-25-MIN-0121 refers];

4.2 implement strengthened consumer protection measures under a proportionate liability regime, including mandatory home warranty and professional indemnity insurance requirements [November 2025, ECO-25-MIN-0190 refers];

4.3 remove barriers to the voluntary consolidation of building consent authorities (BCAs) to reduce delay and inconsistency in the building consent system, and increase flexibility in how consent functions are delivered [August 2025, ECO-25-MIN-0121 refers];

4.4 modernise the building research system by repealing the Building Research Levy Act 1969, consolidating the building and research levies, and empowering the chief executive of the Ministry of Business, Innovation and Employment (MBIE) to fund building related research to support a more streamlined and transparent approach [November 2025, ECO-25-MIN-0188 refers];

4.5 enable faster building consents for new residential buildings with solar generation and sustainable attributes[1] to incentivise greater uptake [April 2025, ECO-25-MIN-0054 refers];

4.6 allow small stand-alone dwellings (granny flats) to be constructed offsite before a project information memorandum is issued, supporting uptake of the exemption, while ensuring appropriate safeguards are in place [ECO-26-MIN-0041 refers].

5 Since Cabinet's policy decisions were announced, I have received largely positive feedback on the above proposals from a wide range of stakeholders. Engagements, including industry events and meetings with key stakeholders, have informed the drafting process and helped ensure the Bill's provisions are simple and workable.

Seeking agreement to progress the entire build self-certification scheme separately

6 When Cabinet confirmed the Bill's place on the 2026 legislative programme, a self-certification scheme for entire builds was included within the scope of the Bill. This proposal is no longer being progressed as part of the Bill, as further time is required to develop and draft the changes.

7 Therefore, I seek Cabinet agreement to progress the policy for self-certification for entire builds through a separate legislative vehicle, Confidential advice to Government

Further policy decisions under delegated authority

8 During drafting, I made a number of decisions under delegated authority from Cabinet, consistent with the intent of approved policy proposals. These are summarised below, with the full list and supporting rationale set out in **Annex One**.

Decisions relating to proportionate liability and consumer protection measures

9 Under delegated authority provided by Cabinet in agreeing to the liability reform [ECO-25-MIN-0121 refers], I have agreed to the following matters:

9.1 that once proportionate liability is in effect (one-year following Royal assent) it will apply to claims from the date the building consent is issued or, if there is no building consent, from the date building work commences;

9.2 that current contracting practices can continue for all non-residential buildings and buildings over 10 metres. For smaller residential builds, excluding or

[1] These are: energy efficiency, low embodied carbon, water efficiency and climate resilience.

limiting liability relating to defective building project work will be prohibited, to protect homeowners while minimising disruption to commercial practice;

9.3 proportionate liability will apply to arbitration and adjudication of building defects claims, to avoid incentivising ‘shopping around’ for a favourable outcome;

9.4 that negotiated and mediated settlements will be excluded from the liability regime, to preserve flexibility in voluntary dispute resolution.

10 To support effective implementation of the supporting consumer protection measures [ECO-25-MIN-0190 refers], I have agreed to require BCAs to check that homeowners have home warranty cover where required, including issuing a certificate preventing building work from proceeding until satisfactory evidence is provided, and providing for an offence and penalty where work continues in breach of that certificate.

11 Cabinet agreed to allow for 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. I have now agreed on these criteria and circumstances, in line with what Cabinet previously considered. These have been drafted in the Bill (rather than regulations); this is consistent with good legislative design and improves transparency and certainty.

Additional decisions taken to support implementation of the Bill

12 Under my delegated authority [ECO-25-MIN-0054; ECO-25-MIN-0121; ECO-25-MIN-0188; ECO-25-MIN-0190; and ECO-26-MIN-0041 refer], I have taken a number of further decisions to support the effective operation of the reform (refer **Annex One**), including:

12.1 supporting the consolidation of BCAs by removing the requirement to use the special consultative procedure under the Local Government Act 2002 for transferring BCA functions, reducing the statutory processing time for PIMs, and providing for the delegation of building consent related functions from TAs to stand-alone BCAs that are council-controlled organisations;

12.2 further decisions on building research levy reform, relating to commencement timing and transitional provisions, defining the purpose of the building research component, and establishing an investment advisory panel to consider building research proposals and award funding;

12.3 targeting the fast-track pathway to new residential buildings of up to three storeys, that include solar generation or sustainable attributes; and

12.4 amending conditions supporting Cabinet’s decision to allow offsite manufacturing of consent-exempt granny flats.

Confirmation of offences and penalties for liability consumer protections

13 Cabinet previously 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 (MoJ), and for associated penalties to be consistent with those for comparable offences under the Act.

14 The MoJ Offence and Penalty Vetting team were consulted and are broadly comfortable with the proposals, noting that some infringement fees and fee-to-fine ratios were higher than recommended. I consider the proposed amounts are consistent with comparable Act offences and proportionate to the seriousness of the offending. I therefore seek Cabinet agreement to the proposals set out in **Annex Two**.

Matters that may attract interest at select committee

Proportionate liability is a significant reform with specific stakeholder interest

15 The liability reform delivers clear system-wide benefits, including more equitable risk allocation, improved accountability across parties, and better conditions for insurance markets to operate effectively. While broadly supported by stakeholders, it represents a significant shift from long-standing settings – moving from a model that prioritises full recovery for plaintiffs to one that allocates liability according to responsibility.

16 Concerns may arise regarding the workability of the legislation and its broader interaction with the common law. I am satisfied that these issues have been well tested through consultation to inform policy development and Bill drafting, including a roundtable held in April 2025, which I attended alongside key stakeholders from the building and construction, insurance, and legal sectors, as well as Australian experts.

17 These concerns are further mitigated by the legislative design, which draws on the Model Building Act developed by the International Building Quality Centre[2] rather than developing a novel framework, with amendments to reflect the New Zealand context.

18 Sector stakeholders may raise concerns about the scope of the consumer protection provisions, including the exclusion of large apartment buildings from mandatory home warranty requirements due to current market constraints. Concerns may also be raised about the power to disapply (suspend) some or all requirements where the market cannot provide cover and there is a risk to building sector continuity.

19 The broader package has been designed to provide robust safeguards for homeowners, while aligning with Cabinet's objective of a market-led, low-intervention approach to support timely reform. Risks are mitigated by a one-year lead-in period, allowing time for market adjustment, product development, and improved consumer understanding through targeted guidance and education.

Other matters are more targeted and can be managed through implementation and design safeguards

20 **BCA consolidation:** Concerns may be raised about the potential impact of consolidation of functions on the availability and affordability of consent services, including the role of private BCAs. The Bill does not compel consolidation of functions, and territorial authorities will remain accountable to ensure that building consent functions are provided in their district.

[2] https://www.ibqc.org.au/library/ibqc-model-building-act/

21 **Building research levy reform:** The Building Research Association of New Zealand (BRANZ) has raised concerns about the impact of the reform on innovation, productivity, and building quality. BRANZ considers the Building Research Levy Act 1969 should be retained and modernised, with it continuing to administer the levy, citing its 50 years of expertise, infrastructure and networks, and the importance of maintaining independence from political influence in funding decisions.

22 While BRANZ has historically been the sole recipient of the levy, Government policy is to introduce contestability and bring funding within standard public sector accountability frameworks. To support independence from political influence, the Bill establishes an investment advisory panel, appointed by the MBIE chief executive, to provide advice on the allocation of building research funding.

23 **Fast-track for residential buildings with solar generation and sustainable attributes:** The scope of the fast track has been broadened from residential buildings of up to two storeys to up to three storeys. Submitters may question whether BCAs will be able to process three storey buildings within ten working days as they are typically more complex. This Bill mitigates this risk by excluding buildings that require complex fire engineering to reduce overall design complexity.

24 Submitters may also question whether building consent applicants could access the fast-track without installing the proposed solar generation. The Bill addresses this by enabling the MBIE chief executive to prescribe, by notice, the evidence applicants must provide to show they will install solar generation.

25 **Granny flats:** Questions may be raised about the need to amend an exemption that came into force recently (January 2026), and about the retrospective application of the change to 15 January 2026 (refer Compliance section).

Impact analysis

26 Regulatory impact statements were prepared in accordance with the necessary requirements and submitted at the time that Cabinet committee approval of the related policy was sought [ECO-25-SUB-0054; ECO-25-SUB-0121; ECO-25-SUB-0188; and ECO-25-SUB-0190 refer].

27 MBIE prepared an Updated Regulatory Impact Statement for the fast-track for residential buildings with solar generation or sustainable attributes[3].

28 The Ministry for Regulation approved an exemption from regulatory impact analysis requirement for the granny flats proposal on the grounds that it only has no or only minor economic, social or environmental impacts.

Compliance

29 The bill complies with:

29.1 the principles of the Treaty of Waitangi;

[3] https://www.regulation.govt.nz/assets/RIS-Documents/Updated Regulatory Impact Statement - Incentivising solar generation and sustainable buildings.

29.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 (NZBORA) and the Human Rights Act 1993 (I have not identified any rights that may be engaged; an NZBORA vet is in progress);

29.3 the disclosure statement requirements (a disclosure statement has been prepared and is attached to the paper);

29.4 the principles and guidelines set out in the Privacy Act 2020;

29.5 relevant international standards and obligations;

29.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee, except that:

29.6.1 **Legislation should not have a retrospective effect**: the amendments to the granny flats exemption (to allow offsite construction in advance of a PIM) will apply retrospectively from 15 January 2026. While MBIE is not aware of any entities that have mistakenly relied on an alternative interpretation of the current requirements, the retrospective application is intended to ensure that, if any such cases exist, homeowners and offsite constructors are not adversely affected so long as they have complied with all other exemption conditions.

29.6.2 **Secondary legislation should not amend or override an Act**: the Bill allows for the temporary disapplication of mandatory home warranty and professional indemnity insurance requirements by Order in Council. This power is limited to exceptional circumstances where there is a risk to building sector continuity or housing delivery. Safeguards are built in through criteria set in primary legislation, which the Minister must be satisfied of before recommending a disapplication, and a requirement that any disapplication is no broader than necessary.

Consultation

30 The Department of the Prime Minister and Cabinet, Treasury, Ministry for Regulation, Department of Internal Affairs, Ministry of Housing and Urban Development, Parliamentary Counsel Office, Ministry for Primary Industries, Ministry for the Environment, Ministry of Health, Ministry of Justice, Te Puni Kōkiri, Energy Efficiency and Conservation Authority, Financial Markets Authority, Kāinga Ora, National Emergency Management Agency, Reserve Bank of New Zealand, Statistics New Zealand and Te Waihanga Infrastructure Commission were consulted on this paper.

31 The Legislative Design Advisory Committee and Ministry of Justice Offence and Penalty Vetting team were consulted during drafting of the liability and supporting consumer protection provisions.

32 With my approval, a consultation draft of the proportionate liability provisions was tested with a small group of experienced building litigation practitioners, including a judge. A consultation draft of the levy provisions was also shared with a small group from BRANZ. Feedback from both groups has informed drafting. Where appropriate,

other key stakeholders and experts, including the Building Advisory Panel[4], were consulted to inform drafting.

Binding on the Crown

33 The Bill amends the Building Act 2004. The Building Act 2004 is binding on the Crown (subject to the exceptions in that Act).

Creating new agencies or amending law relating to existing agencies.

34 The Bill does not create any new agencies or amend law relating to existing agencies.

Allocation of decision-making powers

35 The Bill does not involve the allocation of decision-making powers between the executive, the courts, or tribunals.

Associated regulations

36 The Bill creates a new regulation making power to specify the criteria for registration of home warranty providers, including information and publication requirements. I intend to seek policy approval for these regulations following introduction of the Bill. This is necessary to support the regulations being in force to align with the commencement of the related provisions (three months after Royal assent), to ensure providers are registered and the regime is operational ahead of the liability changes coming into force.

37 At the same time, I will seek agreement to amend the Building (Levy) Regulations 2019 to set a new combined building levy rate and provide for building research to be funded from the overall levy. This change is required to come into force alongside the related Bill provisions on 1 April 2027.

38 New regulation making powers for liability and supporting consumer protections are set out in full at **Annex Three**. Policy decisions on some of these matters are expected to be sought later this year, prioritising those required ahead of the commencement of proportionate liability to provide certainty to the sector. Other regulation making powers relating to technical and operational matters may be exercised over time, depending on implementation needs.

39 Minor and technical amendments to forms, including those in the Building Forms Regulations 2004, will be necessary to reflect the changes introduced by the Bill.

Other instruments

40 The Bill provides for an Order in Council, made on the recommendation of the Minister, to temporarily disapply requirements relating to home warranties and/or professional indemnity insurance. These requirements rely on market provision, and the use of this power is appropriate as it is limited to specified circumstances and enables a

[4] Established under the Building Act 2004, the Building Advisory Panel provides MBIE with independent strategic advice on issues facing the construction sector.

timely, system-level response where market conditions materially affect the availability or affordability of insurance or warranty products.

41 The Bill also introduces a power for the chief executive of MBIE to prescribe, by notice, performance criteria for residential buildings with solar generation or sustainable attributes. These criteria are technical and likely to require updating over time as building methods and technologies change. The power is confined to giving effect to the policy set by the Bill.

42 The above instruments are secondary legislation and will be subject to the publication requirements in the Legislation Act 2019, as explained in the Bill's explanatory note.

Definition of Minister/department

43 The Bill does not contain a definition of Minister, department, chief executive of a department, or equivalent.

Commencement of legislation

44 Provisions relating to BCA voluntary consolidation and fast-track consents for new residential buildings that include solar generation and sustainable attributes will come into force on the day after Royal assent.

45 Provisions relating to permitting offsite construction of granny flats in advance of a PIM will come into force one-month after Royal assent, to allow sufficient time for implementation.

46 Provisions related to proportionate liability and related consumer protection measures will come into force on the first anniversary of Royal assent, to allow sufficient time for implementation and market preparedness. The provisions relating to the registration of home warranty contract providers will come into force three months after Royal assent.

47 Provisions relating to the consolidation of the levies on building work will come into force on 1 April 2027. This will provide enough time for regulations to be amended to combine the levies to align with repeal of the Building Research Act 1969. This also provides time for BCAs to make the required system changes, and MBIE and BRANZ to enter transitional funding arrangements.

Parliamentary stages

48 I propose that the Bill should introduced in quarter two 2026 and, if possible, enacted before Parliament rises prior to the General Election.

49 I propose that the Bill be referred to the Transport and Infrastructure Select Committee.

50 PCO has advised that, in its opinion, a longer select committee process would be preferable to surface any practical and legal issues. This will not be possible, however, if we are to meet the commitment that we have made to pass these much anticipated and broadly supported reforms into law within the current Parliamentary term.

51 Free and frank opinions [redacted]

Free and frank opinions

Proactive Release

52 I propose to proactively release this Cabinet paper package and associated Cabinet minute within 30 business days.

Recommendations

I recommend that the Cabinet Legislation Committee:

1 **note** that the Building Amendment Bill holds a category Con priority on the 2026 Legislation Programme Confidential advice to Government;

2 **note** that the Leader of the House undertook an early review of legislative priorities and confirmed Confidential advice to Government

3 **note** that the Bill will amend the Building Act 2004 to address inefficiencies in the building system that increase costs, delay delivery, and constrain performance, including through clearer allocation of roles, responsibilities, and risk;

4 **note** that Cabinet authorised the Minister to make further decisions during the drafting process, consistent with the policy proposals agreed by Cabinet in papers ECO-25-SUB-0054; ECO-25-SUB-0121; ECO-25-SUB-0188; ECO-25-SUB-0190; and ECO-26-SUB-0041;

5 **note** that, the Minister for Building and Construction has exercised the delegated authority referred to in recommendation 4 by making further decisions consistent with Cabinet's policy decisions, as set out in full at **Annex One**;

6 **note** that empowering provisions for regulations to support the implementation of liability and associated consumer protection measures have been refined during drafting and are set out in **Annex Three**, along with indicative timing for their use.

Final offences and penalties for Cabinet approval

7 **note** that Cabinet 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, with penalties aligned to comparable offences in the Act;

8 **note** that officials engaged with the Ministry of Justice during drafting of the Bill and their feedback has been considered in the final proposals;

9 **agree** to final proposed offences and penalties, at **Annex Two**, to support compliance with home warranty and professional indemnity insurance requirements;

Legislative process

10 **approve** the Building Amendment Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;

11 **authorise** the Minister to approve minor and technical changes to the Bill, consistent with the approved policy, prior to its introduction;

12 **authorise** the Parliamentary Counsel Office to make minor proofreading and editorial changes to the Bill, prior to its introduction;

13 **note** that the Departmental Disclosure Statement is not final and may require adjustments to reflect any minor and technical changes made to the Bill prior to its introduction;

14 **agree** that the Bill be introduced on 29 June 2026, or on another date advised by the Leader of the House;

15 **agree** that the Government propose that the Bill be referred to the Transport and Infrastructure Committee for consideration;

16 **agree** to progress self-certification for entire builds through a separate Bill, [redacted] Confidential advice to Gove

Authorised for lodgement

Hon Chris Penk

Minister for Building and Construction

Annex One: Decisions made during drafting under Minister's delegated authority

Proposal	Policy decision agreed by Minister	Rationale
Proportionate liability	That once proportionate liability is in effect (one-year following Royal assent) it will apply from the date the building consent is issued or, if there is no building consent, from the date building work commences.	Building consent information is publicly available through territorial authorities, enabling the applicable liability system to be clearly determined. For building work that is exempt from requiring a consent (for example, under Schedule 1), a secondary trigger will ensure certainty about when proportionate liability applies.
	Current contracting practices can continue for all non-residential buildings and buildings over 10 metres. For smaller residential builds, excluding or limiting liability relating to defective building project work will be prohibited.	This approach preserves freedom of contract arrangements and minimises disruption to commercial and high-rise construction where parties are commercially sophisticated and able to price and manage risk, while adding protections for residential homeowners and preventing excessive under-recovery.
	Proportionate liability will apply to arbitration and adjudication for building defects claims but not to contractual claims.	This avoids parallel liability systems where parties could select the dispute process likely to provide a more favourable liability outcome.
	Proportionate liability will not apply to negotiated and mediated settlements.	Provides flexibility for those working towards voluntary resolution. Though not directly applied, parties will know that proportionate liability will apply if the matter goes to a hearing, informing the agreed outcome.
Liability consumer protection measures	That the criteria for the temporary suspension (referred to in the Bill as 'disapplication') of some or all consumer protections will include that: • circumstances have occurred, or are reasonably expected to occur, that materially affect the availability or affordability of professional indemnity insurance for relevant design professionals (for example, insurer withdrawal or insolvency, significant changes to	The criteria provide that thresholds must be met before intervention, without unduly limiting the ability to respond swiftly where needed to avoid disruption to the building sector and wider economy. Setting criteria in primary legislation (rather than regulations) adds transparency and certainty.

Proposal	Policy decision agreed by Minister	Rationale
	premiums or terms reducing effective cover, or other major market disruptions) • those circumstances have, or are likely to have, an adverse impact on the ability for building work to commence, continue, or be completed • any response is no broader than reasonably necessary to address those impacts.	
	That BCAs must check that homeowners have appropriate home warranty cover where required, including issuing a certificate preventing building work from proceeding until satisfactory evidence is provided, and providing for an offence and penalty where work continues in breach of that certificate.	The evidence check is designed to mitigate the risk of people deliberately avoiding the new requirement or inadvertently allowing building work to progress to a point where a warranty cannot be issued, both of which would pose a financial risk for the homeowner.
Building consent authority (BCA) voluntary consolidation	Include a delegation power to allow territorial authorities (TAs) to delegate building consent related TA functions to a stand-alone BCA that is a Council Controlled Organisation, with further transferable functions able to be specified in regulations.	TAs currently rely on ambiguous Local Government Act provisions to delegate or contract out functions, leading to inconsistent application. An explicit delegation power in the Act provides clarity and removes potential barriers to consolidation.
	Remove requirement for TAs to follow the special consultative procedure under the Local Government Act when transferring their BCA functions.	This procedure is burdensome and costly for councils and is sufficiently covered by s76AA of the Local Government Act which requires councils to adopt a Significance and Engagement Policy.
	Specifying criteria that a TA must consider when deciding to transfer its BCA function to a stand-alone BCA, including fee agreements and notification requirements to the Minister and the chief executive of MBIE.	These measures will ensure TAs understand their responsibilities when transferring BCA functions to stand-alone BCAs, including implications for registration, accreditation, liability and service availability within their districts.
	Reduce the statutory processing time for PIMs, from 20 working days to 10 working days.	Streamlines processes and allows stand-alone BCAs to operate more efficiently in the market, incentivising consolidation.

Proposal	Policy decision agreed by Minister	Rationale
	Clarify that the information requirements that specify information that must be supplied by a stand-alone BCA to a TA also apply to a TA-BCA that is acting outside of its district.	The changes clarify information sharing obligations when TAs or BCAs act in other districts, ensuring the relevant TA remains the office of record for all buildings in its area. This improves clarity, efficiency, and consistency in consent delivery while supporting flexible BCA arrangements.
Modernising building research levy and functions	Commencement date of 1 April 2027.	A delay between Royal assent and commencement ensures there is sufficient time to amend the regulations, for BCAs to update collection software, and for MBIE to finalise contractual arrangements with BRANZ for transitional funding.
	Including a transitional provision to: • exempt levy charges for amendments to consents granted below the $65,000 threshold; • and to continue to charge the $1+GST research levy element for amendments above the $65,000 threshold.	This provision will exempt BCAs from charging small amounts below the threshold as well as ensuring there is not a significant revenue hit for MBIE once the Research Levy Act has been repealed. This will help BCAs, not disadvantage consent applicants, and have a minimal financial impact on MBIE.
	Ensure the levy regulation-making powers enable the new combined levy to be set, collected and allocated in a way that makes it clear about how much funding is earmarked for building research (and, separately, for building regulation).	The regulations will combine the levies whilst ensuring that building research continues to have sufficient funding.
	Define the purpose of the building research component in the Bill, focused on increasing and providing access to knowledge in the building sector.	Defining the purpose of the building research component ensures that the purpose of levy expenditure is clear and that it will directly benefit the levy payers.
	Require the chief executive of MBIE to establish an investment advisory panel, and specify the panel's minimum number and maximum number, required make up (e.g., building, research sectors and government) and key roles and responsibilities of the panel in relation to the allocation of contestable research funding.	It is important that the independence around funding decisions for specific proposals is maintained and is removed from political considerations. The Strategy development process is the appropriate place to reflect Government priorities, rather than funding decisions on individual proposals.
	Enable the chief executive of MBIE to make final decisions for any contestable allocations of building research funding, taking into account the research strategy, investment plan and advice of the investment advisory panel.	Most appropriately balances the principle of independent decision making with operational flexibility and sufficient oversight of levy funds. It would also help streamline the process and provide flexibility for minor changes to contracts.

Proposal	Policy decision agreed by Minister	Rationale
	Require the chief executive of MBIE to: • publicly consult on, develop, publish and maintain a long-term building research strategy; • publish an investment plan for each contestable funding allocation round, which must give effect to the long-term strategy and outcomes specified in the Act; • establish and operate a contestable fund for building research and require that they establish and make public information about how to apply for funding and the process for decision-making for each funding round.	These measures will help combine government priorities, desired outcomes for the sector, transparency, and a fairer framework for distribution of funds.
Fast-track for residential buildings with solar generation or with sustainable attributes	Target the fast-track pathway to new residential buildings that: • are no more than three storeys high; and • do not have a specified system (within the meaning of Section 7(2) or Section 402(1)(o)); and • meet the performance criteria for a solar generating building or a sustainable building set out by MBIE's chief executive.	This will ensure the fast track will be available for most new residential buildings, particularly stand-alone houses and townhouses. It also manages the complexity of buildings that BCAs will be required to fast track by excluding buildings with complex fire engineering.
Granny flats offsite manufacturing	A certificate of design work must be issued before any offsite building work takes place in advance of receiving a project information memorandum (PIM).	This ensures that the home that is constructed is built to a design made by a design licensed building practitioner. This supports homes to be built to the building code.
	It is a condition of the exemption that consent-exempt granny flats cannot be occupied until building work is complete.	This reduces the risk of homeowners claiming a consent-exempt granny flats as 'under construction' when it is functionally complete. Failing to make this change could see homeowners seeking to game the exemption.
	Records of work will be provided by licensed building professionals to the offsite building owner as it is constructed. The building owner, once they enter into a contract with a homeowner, must provide these records to the homeowner before any building work takes place onsite.	This ensures that records of work are provided to the right people at the right time. It also makes clear to different parties what their responsibilities are when providing information (including to the final owner). It also reduces administrative burden for building professionals who undertake work on offsite constructed dwellings.

Annex Two: Offences and penalties for liability consumer protection measures

New offence provision	Max. fine individual / body corporate	Infringement fee / court fine
A person must not carry out the business of providing mandatory home warranties unless registered by MBIE.	$300,000 / $1,500,000	-
A registered home warranty provider or any other person must not, in trade and in relation to a type of home warranty offered by a provider: a. knowingly make a written or oral statement that is false or misleading in a material particular; or b. knowingly make a material omission.	$50,000 / $150,000	-
A registered home warranty provider or an applicant for registration must not, in any communication or document required to be made: a. knowingly make a written or oral statement that is false or misleading in a material particular; or b. knowingly make a material omission	$50,000 / $150,000	-
A registered home warranty provider must make available to the chief executive, or a person or class of persons prescribed by the regulations, the information that is required to be made available under this section by the regulations. .	-	$5,000 / $20,000
A registered home warranty provider must meet any requirements that are set out in the regulations to publish prominently on their internet site, in plain language, certain terms and conditions of, and exclusions from, their home warranty products.	-	$1,500 / $5,000
Any person must not carry out building work while a certificate is in place prohibiting building work from proceeding. It is a defence to a prosecution for an offence against this section if the defendant proves that the contravention of the certificate was due to: a. a reasonable mistake; b. reasonable reliance on information supplied to the defendant by another person; or c. the act or omission of another person, and the defendant took reasonable precautions and exercised due diligence to avoid the contravention.	$50,000 / $150,000	-
A design consultant must not carry out prescribed design or other services unless they are an insured person under a professional indemnity insurance contract.	$50,000 / $150,000	-
A design consultant must, before providing prescribed design or other services to a person, disclose details of their professional indemnity insurance contract to that person in accordance with the requirements for disclosure that are prescribed in the regulations.	-	$500 / $2,000
In making disclosure about a professional indemnity insurance contract, a design consultant must not make a false or misleading statement knowing that it is false or misleading in a material particular.	$50,000 / $150,000	-

Annex Three: Regulation-making powers provided by the Bill for liability and consumer protections

Proposal	Empowering provision enables regulations to specify	Purpose	In force (indicative)
Proportionate liability (PL)	A definition of 'damages'.	Allows clarification of what damages PL does not apply to because they are not suited to a PL system, for example, exemplary damages.	One-year after Royal assent
Home warranties	Building work of a class, or circumstances, to be excluded from home warranty requirements.	Cabinet agreed that regulations would specify categories of exemptions from the home warranty requirement, such as self-certified simple residential dwellings and work done by owner-builders.	One-year after Royal assent
	The manner in which the total value of building work is to be calculated to determine if warranty requirements apply.	Provides clarity and consistency in how the value threshold is determined, including for complex or staged building work.	As required for implementation.
	Minimum coverage requirements for home warranties and the time from which the prescribed coverage periods apply.	Ensures a consistent baseline of consumer protection and clarity on the commencement of coverage periods.	As required for implementation.
	Detailed requirements for home warranties, including what constitutes adequate cover, minimum terms and conditions (including exclusions or modifications), and how warranties operate and transfer to subsequent owners.	Ensures a consistent baseline for home warranty products and clarity on how coverage operates, including for subsequent purchasers.	As required for implementation.
	The manner in which building consent authorities must maintain records of decisions related to warranty evidence checks and provide information to the territorial authority (where relevant).	Ensures warranty evidence checks are applied consistently across BCAs, including stand-alone BCAs.	As required for implementation.
Home warranties (provider registration)	Circumstances of arranging home warranties that constitute a person being considered a provider of home warranties.	Supports the future inclusion of different market models in the warranty provider registration regime.	As required for implementation.
	The criteria for registration including any requirements relating to the business, operation, or management of the person, including actuarial, audit, governance, and reporting requirements.	Cabinet agreed warranty providers must register with MBIE. The MBIE chief executive must be satisfied the prescribed criteria are met before adding a person to the register, ensuring only fit-for-purpose providers operate in the market.	Three-months after Royal assent.

Proposal	Empowering provision enables regulations to specify	Purpose	In force (indicative)
	The information providers must make available to the chief executive of MBIE, including when and how it must be provided, and the information providers must publish of their internet site.	Cabinet agreed to information and public disclosure requirements to enables oversight and promote transparency.	Three-months after Royal assent
	The process for registration including information required and any fee.	Provides clarity and efficiency in the registration process and supports cost recovery, if required.	As required for implementation.
Professional indemnity insurance	The manner in which the total value of building work is to be calculated to determine if insurance and disclosure requirements apply.	Provides clarity and consistency in how the value threshold is determined, if required.	As required for implementation.
	Definition for 'design consultant' and 'prescribed design or other services.	Provides clarity on the scope of the regime and who the requirements apply to.	One-year after Royal assent
	The types of information design consultants must disclose, including who it must be provided to and how.	Supports informed decision making and accountability by ensuring relevant information is disclosed to appropriate parties.	One-year after Royal assent
	Requirements for insurance, including adequacy of cover, minimum terms and conditions (including exclusions or modifications), and arrangements to enable verification that insurance is maintained.	Allows for an appropriate level of cover to be specified and supports verification of ongoing compliance.	As required for implementation.