

Consultation submission form

Building Levy Review

April 2023



How to submit this form

This form is used to provide your feedback to us on:

- increasing the levy threshold,
- increasing investment in MBIE's services, and
- changing the levy rate.

When completing this submission form, please provide comments and reasons explaining your choices. Your feedback provides valuable information and informs decisions about the proposals.

You can submit this form by 5pm, Monday 29 May 2023 by:

- › email: building@mbie.govt.nz, with subject line Building Levy Review
- › post to: Ministry of Business, Innovation and Employment, 15 Stout Street, Wellington 6011
or: Ministry of Business, Innovation and Employment, PO Box 1473, Wellington 6140

Your feedback will help MBIE to:

- ensure that the balance of the levy memorandum account trends to zero over time
- reduce the volume of lower value building consent applications paying the levy
- improve the building and construction regulatory services MBIE delivers to levy payers and the building sector and
- ensure that MBIE's building and construction regulatory services have a sustainable funding base going forward.

The OIA specifies that information is to be made available upon request unless there are sufficient grounds for withholding it. If we receive a request, we cannot guarantee that feedback you provide us will not be made public. Any decision to withhold information requested under the OIA is reviewable by the Ombudsman.

Submitter information

MBIE would appreciate you providing some information about yourself. If you choose to provide information in the “About you” section below it will be used to help MBIE understand the impact of our proposals on different occupational groups. Any information you provide will be stored securely.

A. About you

Name:

Email address:

B. Are you happy for MBIE to contact you if we have questions about your submission?

Yes No

C. Are you making this submission on behalf of a business or organisation?

Yes No

If yes, please tell us the title of your company/organisation.

D. Privacy information

The Privacy Act 2020 applies to submissions. Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish.

MBIE may upload submissions or a summary of submissions received to MBIE’s website at www.mbie.govt.nz. If you do **not** want your submission or a summary of your submission to be placed on our website, please tick the box and type an explanation below:

Increase the levy threshold

1. Should the threshold remain at \$20,444 or increase to \$65,000?

Remain at \$20,444

Increase to \$65,000

Not sure

Please explain your answer.

Anecdotally, whether a project is subject to the Building Levy or not, does not come up as a consideration on whether a building project is considered viable or not, so a move to reduce the threshold at which the Building Levy applies, is unlikely to stimulate building demand.

However, in the current economic climate that is seeing demand for building decline, it would be a good signal to property owners that there would be a saving on legislative costs for small scale building projects.

2. (For building consent authorities) How will increasing the threshold to \$65,000 impact you (eg system changes and administration cost)?

n/a, NZCB is not a BCA.

3. What are the unintended consequences of changing the threshold? What would be the best way to minimise these?

No unintended consequences envisaged.

Increase investment in MBIE's services

4. Do you agree that MBIE should invest in regulatory service improvements?

Yes, I agree

No, I disagree

Not sure

Please explain your answer.

Yes, with a request to further broaden building levy use to fund NZ Standards that relate to the building and construction sector.

With Standards NZ now subsumed into MBIE, this would look to be practical, with such a broadening of the Building Levy purpose providing significant relief to those industry professions that are required to adhere to NZ Standards. As it is, an update to an NZ Standard is required to be funded by the construction sector both via the contribution of expertise (typically via members of trade association/profession institutes) and via payment to NZ Standards to do the work, with the sector then being required to pay for a Standard that they have paid through time and money to be updated.

The current arrangements do not sit well with the construction sector and stifle ongoing improvements to the NZ Standards that relate to building and construction. Broadening the definition of MBIE services that can be funded by the Building Levy, would provide an income stream to pay for NZ Standards updates, therefore solving the issue. Such a move would be welcomed by the building and construction sector.

Changes to the levy rate

5. Do you agree with reducing the building levy rate to \$1.48??

Yes, I agree

No, I disagree

Not sure

Please explain your answer.

No, NZCB prefers the Building Levy to stay at current levels to as is to ensure that MBIE's Building System Performance branch (BSP) are suitably funded to not only undertake the investment it is signalling it requires (1. Enhancing BSP's digital and other engagement channels to building sector stakeholders, 2. Delivering better compliance pathways to the building sector, and 3. Delivering regulation around building for climate control), but also broadening the functions that the Building Levy can be utilised for, to include the updating of New Zealand Standards that relate to the building and construction sector.

Levy changes take effect on 1 October 2023 or shortly thereafter

6. Do you agree with the proposed start date of 1 October 2023 for the changes to the building levy rate and threshold?

Yes, I agree

No, it should be earlier

No, it should be later

Please explain your answer.

Yes, NZCB submission supports the lifting of the project value at which the Building Levy applies. Making this change is perceived by NZCB to be a simple administrative matter that should be easy to implement by 1 October '23.

7. (For building consent authorities) How long would you need to implement the proposed changes to the building levy rate and threshold??

n/a, NZCB is not a BCA.