

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: Claire Falck

Email address: Claire.Falck@branz.co.nz

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.

Building Research Association of New Zealand (BRANZ) Inc.

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:

I do not want my submission placed on MBIE’s website because... [insert reasoning here]

About BRANZ

BRANZ¹, is a multi-faceted, science-led organisation. We use independent research, systems knowledge, and our broad networks to identify practical solutions that improve Aotearoa New Zealand's building system performance. BRANZ is driven by the knowledge that to thrive as a society, New Zealanders need a built environment that is safe, healthy and performs well. Our vision is to *Challenge Aotearoa New Zealand to create a building system that delivers better outcomes for all.*

To do this, BRANZ cultivates strong relationships with industry, government and building users through collaboration and facilitating the sharing of insights, opportunities, and ideas. These relationships underpin the range and depth of BRANZ's knowledge and ability to understand the linkages and interactions that influence the building system.

BRANZ undertakes and commissions research, funded by the Building Research Levy (Research Levy) in industry good research and knowledge transfer. This research can leverage and catalyse research funded by other domestic (government and industry) and international research and commercial funding sources. Our work is both practical and drives positive building and construction system change. It helps improve industry practices around the performance of buildings and how we use them, through to informing policy and legislation and all points in between.

The Research Levy plays a key role in improving all aspects of Aotearoa New Zealand's buildings. We work closely with industry groups, councils, and central government to identify the research priorities for investing the Research Levy. BRANZ is committed to ensuring New Zealanders receive the greatest possible benefits from Research Levy investments. To do this, we are responsible for providing effective stewardship of the Levy. This demands robust decision-making processes, a commitment to transparency and disciplined management of the Research Levy investments. For more details on our approach to the Research Levy investment and the outputs of that investment – please refer to our recently published Re:Invest 2022 document² and our website³.

For all BRANZ's investments in research, the intellectual property pertaining to the goods and services supplied is ultimately owned by BRANZ. This is to ensure that actionable, accessible insights can be applied and disseminated as widely as practicable to the appropriate building system stakeholders. A key component of our research is to ensure its desired outcomes have the greatest impact for those system stakeholders in which the research is designed to benefit. We co-design with system stakeholders the most effective outputs derived from our research through a range of channels from digital, in person and printed forms and combinations of all channel types. We constantly strive to improve the impact of our research and its outputs. We have a range of networks that we use to get these useable outputs to the right system stakeholders.

BRANZ also contributes to practical improvements in Aotearoa New Zealand's built environment through a suite of independent product testing, assurance, and consultancy services. Evidence-based advice is available at all phases of the product life cycle from preliminary R&D and standards compliance, through to verifying end-use product performance. A BRANZ assessment is universally trusted, providing assurance that the products should do what the manufacturer says they will do. We hold the responsibility to ensure our work is of the highest standard at the core of what we do.

¹ See: <https://www.branz.co.nz/>

² See: https://d39d3mj7qio96p.cloudfront.net/media/documents/Reinvest_2022_web.pdf

³ See: <https://www.branz.co.nz/investing-research/>

BRANZ's key messages for this submission

We provide the following high-level comments to support our submission. These points come from the perspective of our place and role in the system as outlined in the section above.

BRANZ:

- acknowledges the work MBIE has done to develop the discussion paper. We support the approach for surplus funds to be wound down, and the pragmatic approach to do this as outlined in the discussion paper. We agree that excess funds should not be held without corresponding use. We do not have a specific view on the rate nor the threshold, for collecting the Building Levy and consider that MBIE is best placed to set these.
- believes it is important that changes to all aspects under the scope of this discussion paper are signalled and consulted on well in advance of when changes take effect. It is our view that certainty of direction helps stability in the construction system. We have long advocated for MBIE to publish its long-term priorities to support the regulatory system to ensure the system is prepared and optimally geared to support that work. Any short-term changes create unnecessary uncertainty in the system. Uncertainty in an already uncertain system, will have downstream consequences on the system and its users.
- supports the three areas of activity MBIE proposes to provide additional effort to meet the needs of its stakeholders. The three areas identified (digital and engagement channels; compliance pathways and regulation for building for climate change) are all critical areas needing further work to make progress to support the building regulatory system and facilitate the implementation by the sector. These areas align well to the work that BRANZ and other system stakeholders are already doing and investing significant resource towards.
- urges MBIE to work closely with BRANZ and others to ensure there is strong alignment with the three areas of activity with work that is already happening. Ideally goals would be developed in common, recognising our respective roles, networks and channels different system leaders all have. This would allow the best leverage of the work that is planned and being developed using the knowledge and levers we all have to support the best outcomes.
- recommends MBIE ensures that any development of additional digital channels is strongly supported by in-person engagement support. Our experience of working with our broad networks through digital and other channels shows that for digital channels to have the greatest impact, a strong associated engagement approach is critical. MBIE should not underestimate the time, and financial resource, required to support both the development of its digital engagement channels, and the associated work to support the use of digital tools that are there to ultimately shift the system through behaviour change. BRANZ welcomes a discussion with MBIE on insights we have gained through our own development of digital channels and educational resources for the sector.

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.

We believe that MBIE is best placed to make this decision, based on how it manages the levy and intends to support their published/yet to be published work plan. MBIE will need to take perspectives of other system stakeholders on the impacts of this decision.

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

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

As signalled in our high-level messages above, any change in the system will have impacts. Ensuring plans for change and implementing these changes in a well signalled way is important to ensure stability in an already uncertain system.

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.

As signalled above, BRANZ supports the additional activity in the three areas identified. We suggest that MBIE works alongside the system to develop a workplan, publish that and work to deliver the plan. These areas are all closely aligned to BRANZ's own priorities for our research and knowledge transfer activities. We recommend that MBIE works closely with BRANZ and other system stakeholders to ensure alignment of work plans and goals (where appropriate), given the significant resource we have already invested.

There are two further areas where we think MBIE could consider providing additional resource effort towards. While these may already be on the work plan, additional resource could speed up implementation and/or have greater impact if MBIE was to provide greater support and guidance for the building system:

- Continue to make appropriate building and construction related standards free for use and support their review and/or development of new standards.
- Fully implement the Licenced Building Practitioners scheme. MBIE's 2021 review of the LBP scheme identified several improvement opportunities. MBIE has implemented the first phase of this with release of an updated Code of Ethics in October 2022. As an additional activity, MBIE could seek to accelerate the implementation of the remaining improvement opportunities. By doing this, MBIE will support a lift in the efficiency and quality of building work in Aotearoa New Zealand.

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.

Consistent with our response to Question 1, we consider that MBIE is best placed to make this decision, based on its own modelling.

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.

There are several changes to the regulatory system that are being implemented in 2023 and beyond, including Building Code H1 Energy Efficiency (November 2023), and Building Product Information Requirements (11 December 2023). These all have different dates for implementation. We encourage MBIE to align implementation dates as much possible to enhance stability in the system and the greatest compliance with the changes being implemented. Alignment of implementation dates, alongside a published workplan for regulatory system change, will support greater system stability.

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