

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](mailto: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: Nicholas W Hill

Email address: nickhill@boinz.org.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 Officials Institute of New Zealand

### 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](http://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]

## 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.

The Building Officials Institute of New Zealand (BOINZ) accepts the rationale provided in the consultation document that the current levy does not reflect CPD movements over the last 30 years when the threshold was first set.

We also strongly support a 3-year adjustment cycle based on a CPD review and other relevant market dynamics for both the levy rate and the payable threshold.

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

Feedback from the BCA sector would indicate the administration of the service for levy collection is largely automated.

In respect of administrative costs, we would however expect the BCA community to inform MBIE of administrative pressures in respect of the levy, and for MBIE to support a practical administration fee adjustment given financial pressures on local government.

There has been a level of concern expressed in respect of transitional costs and recovery of such. The Institute would expect these transitional costs should be recoverable by each BCA as a one-off expense for public transparency).

It would also be reasonable for MBIE to be very clear around the transitional requirements to avoid any ambiguity in respect of "effective date" a granted consent must comply with the new thresholds and rates, and how to deal with any likely ancillary issues.

We would also expect to see some guidance from MBIE on how required data is to be collected and forwarded over the changeover period.

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

In terms of transparency MBIE needs to adopt a “no surprises” campaign to industry leading up to the transition period ensuring the design and construction sector are aware of the changes and that in turn these sector participants are advising their customers/clients of the changes and implications.

## 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.

The Institute supports regulatory improvements based on industry consultation ensuring appropriateness and fit-for-purpose products that will achieve increased productivity and compliance outcomes. In general, we support increasing investment in MBIE services as described but make the following comments below.

In recognising the complexity of the sector MBIE should also be seeking higher levels of collaboration and support with and to industry to ensure effective and efficient building performance outcomes. A centralised approach does not always deliver the most efficacious outcomes, whereas working with industry Associations and Institutes can through a multiplier effect deliver a desired service and behavioural outcome.

The industry is also heavily reliant on Standards development, and while many a good percentage of these are made available to industry at no cost, and there updating is also supported, there is still work to be done in this area to broaden Standards availability and updating. The Institute would support greater MBIE investment in this area.

There are also potentially some areas of education and training which MBIE can assist industry with in making the outcomes both achievable and cost effective. Collaboration in this area could assist in timely and viable results.

## 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.

The Institute supports generally any move to take cost out of the building sector if compliance and build quality outcomes are not impacted and can show continued improvement.

In the current environment there is, in our belief, a need to escalate investment rather than limit it through reducing the levy rate. The build and construction sector is still largely immature and reliant on small sized design and construction firms. This is evidenced by high number of consent RFIs per application.

An investment in data and subsequent analysis and appropriate service delivery to change awareness and behaviours through improved knowledge and skills requires proper financial resources. In the scheme of things, this area should be a priority in addition to the delivery of the advised digital and other engagement channels, better compliance pathways, and delivery of regulation around climate change. MBIE need to lead much needed productivity outcomes for the sector and the levy has a place in supporting this work.

## 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.

The Institute is disappointed in the structure of this question as it is too limiting, and we are concerned an algorithm will miss the distinctions we and possibly other submitters have in respect of the threshold and levy rates

**We support** the threshold movement and within the timeframe, **BUT**

**We do not support** the reduction in the levy rate.

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

Given the automated nature of the administration we would expect BCA's to be given reasonable notice to allow for impact assessment.