

Consultation submission form

Building Code update 2022

Transition period for the energy efficiency of housing



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How to submit this form

How to submit this form

This form is used to provide feedback extending the transition period for the implementation of insulation settings in Acceptable Solution H1/AS1 and Verification Method H1/VM1.

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, Tuesday 14 June 2022 by:

- › email: buildingfeedback@mbie.govt.nz, with subject line Building Code consultation 2022
- › 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 contribute to further development of the Building Code. It will also become official information, which means it may be requested under the Official Information Act 1982 (OIA).

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

Submitter information

MBIE would appreciate if you would provide 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: Catherine Richards

Email address: Catherine.richards@masterbuilder.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.

Registered Master Builders Association (RMBA)

D. The best way to describe your role is:

- | | |
|--|--|
| <input type="checkbox"/> Architect | <input type="checkbox"/> Engineer (please specify below) |
| <input type="checkbox"/> BCA/Building Consent Officer | <input type="checkbox"/> Residential building owner |
| <input type="checkbox"/> Builder or tradesperson (please specify below) | <input type="checkbox"/> Commercial building owner |
| <input type="checkbox"/> Building product manufacturer or supplier
(please specify the type of product below) | <input checked="" type="checkbox"/> Other (please specify below) |
| <input type="checkbox"/> Designer (please specify below) | <input type="checkbox"/> Prefer not to say |

Please specify here.

Building Industry Membership organisation

Submitter information

E. 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]

F. Confidential information

- I would like my submission (or identifiable parts of my submission) to be kept confidential and **have stated** my reasons and ground under section 9 of the Official Information Act that I believe apply, for consideration by MBIE.

If you have ticked this box, please tell us what parts of your submission are to be kept confidential.

Transition period for the energy efficiency of housing

We are proposing to extend the transition period for adopting new insulation requirements for housing in Acceptable Solution H1/AS1 and Verification Method H1/VM1. The proposed change would extend the transition period for 6 months to 1 May 2023. This proposed change considers feedback received in the 2021 consultation, changing circumstances in New Zealand's building and construction sector, and the importance of New Zealand's obligations under the Climate Change Response Act 2002.

Questions for the consultation

1-1. Do you agree with the proposed extension of 6 months to the transition time so that the previous lower insulation settings can be used until 1 May 2023?

- Yes, I support the extension of 6 months (1 May 2023)
- No, the transition period should remain the same (2 November 2022)
- No, the extension should be longer (12 months to 1 November 2023)
- Not sure/no preference

Is there anything you would like to tell us about the reason(s) for your choice?

- We support MBIE in undertaking consultation on a proposed extension to the H1 implementation and are appreciative that it has listened to the impacts of the November deadline on the sector.
- RMBA's preference is for a 12-month extension, however, we will support a six-month extension if this is the result of the consultation. We are of the strong view that six months is the minimum extension required because the implementation of H1 will be a considerable change for many parts of our sector. We wish to avoid a situation where well intended policy fails at the point of implementation due to bad timing and failure to provide the adequate time for those implementing the change to prepare and respond.
- We also strongly support a 12-month extension due to the immense challenge from a perfect storm of negative market conditions and headwinds – the combination of which are causing significant hardship for our sector. Since the initial timeframe was announced, these conditions have only got worse, resulting in a now struggling sector, with considerable impacts on mental health being felt across the industry. The pressures being experienced currently across the building sector are severe. The sector has very limited control over these factors, which are impacting negatively on their businesses and their clients/customers.
- These headwinds include:
 - Increased costs in building materials. An EBOSS survey in late 2021 showed the cost of materials had increased on average 34% in the last 12 months, with an expected further increase of 11% in the next six months.
 - Increased disruption in the supply chain, affecting the availability of key building materials. Some materials are now delayed by six months or more
 - Increased cost of living, inflation and interest rates, negatively impacting consumer confidence in the sector, causing a predicted decline in activity in the sector.
 - Potential cash flow and stability issues in the building and construction businesses
 - The construction sector now operating in a bust environment
 - Mental health is now a significant area of concern for our industry. The worsening conditions since the previous consultation closed has caused further pressure for those working in the industry. We cannot overstate the seriousness of this issue for our sector right now.
 - As outlined by MBIE in the consultation paper, the increased pressures on the sector have put the industry in a position where any additional regulatory changes, such as H1, is

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receiving low engagement and low likelihood of being implement to the standard that we would like to see. We concur with this assessment.

- As a result, the industry needs time to adjust and keep up with the rapidly changing regulatory environment, as well as be able to understand and adapt to H1/AS1 5th Edition changes.
- Extending the transition period for a year will have no impact on the long-term benefits of the changes but will have a huge impact in the immediate term on the building sector and the many builders who are dealing with the most difficult operating environment they have ever experienced.
- Some of the challenges for the sector in implementing the changes before November 2023 are:
 - Scaling up of new manufacturing methods, at a time where demand is already at record levels due to high consenting numbers
 - Imported products are required, this will put additional strain on the international supply chain, which is already facing significant disruption and causing delays in current builds. It is not unexpected that gaps in the supply chain will flow on to the new imported products required.
 - The labour shortage the sector is facing continues, and so finding the time to upskill and train staff, will be impossible for many
 - The flow on effects from general COVID-19 disruption are still playing out in the sector
 - Additional upfront costs are likely to further discourage consumers from choosing to build a new home at a time when customers are already seeing cost fluctuations. This could result in a faster and further downturn in the construction industry than what is currently forecasted. This is not ideal as we deal with a housing crisis.
 - Despite the best efforts of the manufacturing supply line to meet the timings required, as well as builders attempting to adjust to the proposed changes as quickly as possible, there is no guarantee that manufacturing methods will be ready in time. In addition, a knowledge gap remains on how to design with these new standards and provide the most informed and economic solutions to clients. We are not confident BCA's will be able to keep on top of the current demand as well as understand what the new changes mean for consents without causing further delays which are already out of the statutory standard in most areas.
- The amount of change and instability of building over the last 18 months has been difficult for many builders, especially smaller businesses where there is a lot less buffer room and margin for error. Yet it is these small businesses that form a critical part of the fabricate of our building sector and communities. The building and construction sector is critical to the New Zealand economy. It is one of New Zealand's largest employers, with an estimated 280,000 workers. We need to be supporting our people and help the industry grapple with change in a way that makes sense. It is certain that implementing the H1 changes this year will impact our industry's stress levels in a time where the current signs of stress are already too high.
- We understand that the H1 changes to the thermal efficiency of houses is an important part of the Government Climate Change response and commitment to improving the quality and performance but there is only so much that can be asked of the building sector at this time. The current timetable for the new regulations is asking too much and needs to be extended for a year.

1-2. What impacts would you expect on you or your business from the proposed change to the transition period?

These impacts may be economic/financial, environmental, health and wellbeing, or other areas.

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Should an extension be granted, RMBA will actively use this time to upskill members on the pending changes, as we recognise our role in preparing the industry for times of change. The entire sector needs to be ready, including those working in design, building, materials, and the consenting system. A 12-month extension would create the best opportunity for all parts of the sector to prepare and work together to ensure that once implemented the transition to this new way of building is as simple as possible.

The proposed change to the transition period would also provide:

- Enough time for builders to understand their requirements under the 5th Edition and the opportunity to train and upskill staff to standard.
- The ability to prepare the correct merchants and material supply chains in place to ensure minimal delays to projects
- Time for the entire sector, including builders, to adapt to new design and building methods
- Limit the negative impacts and pressure on workers, especially in the current challenging environment

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1-3. What support would you or your business need to implement the changes by 1 May 2023 if introduced?

- Information about what the insulation changes are or what buildings they apply to
- Education material on how the new documents can be used to comply with the Building Code
- Webinars from MBIE technical experts
- Other types of support (please specify below)

If there anything else you would like to tell us about the reason for your choice(s)?

We have heard from members they are struggling for clarity on what the changes are and what sorts of projects they apply to. We would like MBIE to provide clear and concise information for builders on what the expectations and requirements of them are, to limit inconsistent approaches from emerging. The building sector has a large amount of small players operating within it, and this does make the sector at greater risk for misunderstanding and misinterpretation of MBIE's intentions in making regulatory changes.