

23 June 2025

Transport and Infrastructure Committee
Parliament Buildings
Wellington

Email: ti@parliament.govt.nz

Tēnā koe

Building and Construction (Small Stand-alone Dwellings) Amendment Bill

Thank you for the opportunity to provide feedback on the Building and Construction (Small Stand-alone Dwellings) Amendment Bill.

This submission reflects the views of Engineering New Zealand. Engineering New Zealand is the largest professional body for engineers in New Zealand. We have both regulatory and membership roles, with over 23,000 members.

Overview

Engineering New Zealand appreciates the Government's commitment to increasing housing supply and improving the accessibility of small, standalone dwellings. We support the objective of making it easier and more affordable to build these homes, and we acknowledge the improvements made to the Bill following earlier consultation. The inclusion of natural hazard risk provisions, mandatory council notification and clearer requirements for records of work are important and welcome.

However, despite these changes, we remain concerned about how the Bill will operate in practice. In our view, the Bill removes key system checks without introducing sufficient safeguards in their place. The risk of this is that homeowners may face significant costs that far outweigh the intended cost savings of this Bill. We support the goal of making it faster and more affordable to build, but this must not come at the cost of building quality or public safety.

To that end, our submission also offers solutions to reduce risk and support better outcomes. It focuses on key areas where we believe further work is needed to ensure the Bill is effective in practice. We recommend:

- Guidance for homeowners on risk and liability
- Guidance to support Licensed Building Practitioners
- Adjustments to technical requirements for granny flats
- Changes to the provision of information for LIMs
- Further consideration concerning the increased demand on infrastructure networks
- Inclusion of an audit or an oversight mechanism.

Risk and liability for homeowners

The proposed consent exemption for small stand-alone dwellings removes independent oversight from the building process, increasing the level of risk carried by both practitioners and homeowners. Without a formal consenting process, there is no verification that key design or construction decisions meet Building Code requirements, beyond the limited checks provided through the LIM process.

We are concerned that some homeowners may not fully understand the implications of building under this exemption. Many may assume that the usual checks have taken place, particularly where a Licensed Building Practitioner (LBP) is involved. If issues emerge such as structural failure, poor ground conditions, or other defects, it is unclear what protections are available for homeowners.

We are not confident that the current approach provides sufficient safeguards for ordinary homeowners. When liability rests with an individual practitioner who is no longer available or adequately insured, the financial risk may fall entirely on the homeowners. We saw this in the leaky homes' crisis, where the lack of oversight and accountability meant local government ended up covering the cost. The absence of a monitoring or audit mechanism compounds these concerns. Without any form of oversight, non-compliance may go undetected until well after construction is complete.

We recognise that the intent of the exemption is to improve access to affordable housing options, particularly for lower- and middle-income households. However, these same households may also face the greatest risk if defects or failures occur. The financial cost of remediating significant issues, such as structural deficiencies or non-compliance with the Building Code, has the potential to far exceed the savings gained by foregoing the standard consenting process. Without clear guidance and appropriate support, there is a risk that the consequences of building failure will fall on those least able to absorb them, thereby undermining the affordability objective this policy seeks to achieve.

In our view, homeowners must be clearly informed of the risks involved in the process and the responsibilities they take on. Many will assume that building work carried out under the exemption has been fully assessed as per the standard consenting process, when in fact that may not be the case. We recommend developing guidance to help homeowners understand their risks and recommend that it should be mandatory that the associated LBP provide homeowners with this guidance. The guidance should include information on how to choose a competent LBP, the role of insurance, and where liability is likely to fall if the building fails and the potential financial implications of this. It is our view that this kind of clear and accessible information will support informed decision-making and reduce the likelihood of future disputes or unintended liability.

Guidance and support for Licensed Building Practitioners

The new settings for small stand-alone dwellings place considerable responsibility on LBPs to assess whether a dwelling complies with the Building Code, meets the conditions set out in the new scheme, and to identify when specialist input is required. It is our view that while this may streamline the process, it also increases the risk of mistakes being made as some practitioners may not recognise when they are working outside their area of competence.

There are already known issues with the Building Code and its compliance, even under the current system. Our report identified cases where buildings received consent despite being non-compliant¹. The risk of this occurring is significantly higher with the removal of council oversight, even in the context of simple dwellings. For example, the NZS 3604 ground condition requirements are not consistently followed, and this is unlikely to improve without targeted support.

We are concerned that the current licensing framework does not consistently equip practitioners to make these assessments. This is particularly relevant in areas such as foundation design, ground conditions, and the

¹ [Quality issues in the building system report.](#)

application of NZS 3604, where errors or misjudgements may not be immediately apparent but can lead to significant issues over time.

Further, the New Zealand Geotechnical Society has raised concerns to us that the removal of a building consent will increase risks related to poor ground conditions. In many cases, little to no geotechnical information will be available, making it difficult to identify natural hazards or determine whether NZS 3604 is appropriate. LBPs are unlikely to have the expertise to make these assessments accurately. We recommend developing guidance on foundation design and site stability, including how to identify areas with challenging ground conditions that falls outside the scope of NZS 3604. Alternatively, consideration should be given to requiring technical input for these sites.

The removal of formal oversight without putting in place the tools practitioners need to make sound decisions increases the risk of inconsistent practice and poor outcomes. We recommend that Ministry of Business, Innovation and Employment (MBIE) develop clear guidance to support LBPs to understand the limits of their role and when to seek expert advice. This should include direction on when engineering input is needed, how to assess whether NZS 3604 applies, and what documentation is required. This would support consistency and reduce risk.

Requirements of granny flats

It is our view that the associated regulations should avoid permitting building methods or materials that carry higher risk or would require significant technical input that is outside an LBPs competency (i.e. brick and masonry cladding). The term 'simple' as per Schedule 1a, 1, (i) also requires clear definition to avoid ambiguity. One area of concern is that the height provisions provided in Schedule 1a, 1, (b) could allow for the inclusion of a mezzanine floor, which requires technical expertise to design safely. These are typically aspects that Building Consent Authorities (BCAs) would assess to ensure technical compliance. Usually, BCAs would focus on these areas and ensure technical compliance. In the absence of that oversight, excluding inherently risky products and methods would be the most effective way to protect homeowners.

We recommend that MBIE work with BCAs to determine likely things to exclude. Alternatively, the use of these risky materials, processes or even locations of concern (i.e. residential seismic zones) could require engineer reports to be provided (and complied with) and included in the LIM.

Provision of information

There is some concern that the level of information required to be included in the LIM may not provide enough detail if future work is required. In the event of future work or failure of the dwelling, it will be important that enough information is held by the BCA (ie. electrical plans, studs, load-bearing walls). In particular, there is some unease that As-Built plans may not provide sufficient detail for future work as they tend to focus primarily on plumbing and drainage systems. This will be particularly important for identifying liability, remedying defects, and re-selling property. We recommend that the provisions around information to be included in the LIM clearly specify the details needed to support future work and help avoid unintended costs for owners.

Increased demand on infrastructure networks

It is important to ensure that infrastructure networks, particularly the three waters (drinking, waste, and storm water), can support the additional load. In many areas, these systems are already under significant pressure. Additional demand must be appropriately managed to avoid overloading existing capacity. This includes ensuring that environmental impacts are mitigated and that outcomes provide New Zealanders with safe, sustainable, and quality buildings. For further detail, please refer to our submission to MBIE's 2024 consultation².

² [Engineering New Zealand's submission to MBIE's 'Making it easier to build granny flats' consultation.](#)

Need for audits or an oversight mechanism

The removal of formal oversight, which is typically provided by BCAs through the building consent process, creates a gap in the system. No alternative mechanism has been proposed to monitor how the system is working in practice. We are concerned that without some form of audit or review, there will be limited assurance that buildings meet the intended standards or that the exemption is being applied appropriately.

We remain concerned that, under the proposed system, no one will be actively checking whether work complies with the Building Code. While records of work will be required, there is no mechanism to verify them. In practice, this means that non-compliant or unsafe work could go unnoticed potentially until after a failure occurs. This presents a risk not only to current homeowners but also to future occupants, as well as the wider public. In addition, there would be little information available on how widespread any issues are or whether problems are emerging in multi-proof designs, until it is too late.

We strongly recommend that an effective audit regime be established before the new settings come into effect. This should include clearly defined responsibilities, how audits will be carried out, and how they will be resourced. Audits must focus on the building outcomes (not just the documentation). There must be a credible way to confirm that buildings comply with the Code in practice and that key decisions have been made within practitioners' competence. Without this, the system lacks the safeguards needed to support consistent and safe practice.

Support of submissions provided by technical experts

We support the submissions provided by the Structural Engineering Society of New Zealand (SESOC) and Water NZ. These submissions provide valuable technical perspectives that reinforce many of the issues that we have raised, particularly around the removal of independent oversight, the potential for safety and performance issues, and the need for clear guidance and system settings to support consistent and safe practice.

Conclusion

Thank you for the opportunity to provide feedback on the Building and Construction (Small Stand-alone Dwellings) Amendment Bill. We support the intent of the Bill and recognise the value of making it easier and more affordable to build homes. However, as outlined in our submission, this should not come at the expense of building quality or public confidence in the system.

We're concerned about the removal of key safeguards, increased risk for homeowners, and gaps across guidance, information and oversight. If not addressed, these could lead to inconsistent practice and added cost over time.

If we can be of any assistance or provide further information, please do not hesitate to contact us.

Nāku, nā

A handwritten signature in blue ink, appearing to read 'R. Templer', written in a cursive style.

Dr Richard Templer
Chief Executive