

Infrastructure Bond update

The Wanganui District Council has significant infrastructure assets in the road corridor. Damage to those assets comes at a cost to the ratepayer of Wanganui.

The Wanganui District Council has previously introduced an Infrastructure Bond of \$1500 for all Building and/or Resource Consents in relation to demolition, removal and relocation of buildings and the construction of new buildings, including commercial, and structures in the urban zone. The \$1500 bond is refundable at the completion of the work on the proviso that no damage that has been done, or has been repaired to the council's standards. In addition to the bond, a \$200 inspection and admin fee will be charged per application, which is non refundable. Companies with multiple consents may apply to the Wanganui District Council's Infrastructure Manager to have their bonds reviewed. If granted, the applicant must fill out an Acceptance of Liability form to cover the sites that a bond has not been taken for. The \$200 inspection and admin fee will still apply (for each application) and remain non-refundable. Infrastructure Bond forms are available from the Customer Services Desk in the main Council Building. These forms will be filled out in conjunction with a Building Consent or Resource Consent.

Use of PIMs

A PIM (Project Information Memorandum) is a document that is project specific and gives the designer advance notification of any potential issues, ahead of applying for a Building Consent (B/C).

The Department of Building and Housing (DBH) recently amended the Building Regulations to make the provision of a PIM voluntary (previously you received a PIM automatically when you applied for a Building Consent).

Even though it is now optional, the DBH has realised its value, particularly for large and/or complex projects, and has recently been promoting the application for a PIM before applying for a B/C.

This gives us a chance to inform you of any potential building, planning or infrastructure issues and it is way easier to alter drawings on paper when they are at the preliminary stage. Planning ahead can save heaps of money.



Requests for further information

After receipt of your Building Consent application, we check your plans and specifications thoroughly.

Often there is information missing, and so we have two courses of action. For one or two items we often sort out the issue with you over the phone - you sign the changes when the building consent is collected.

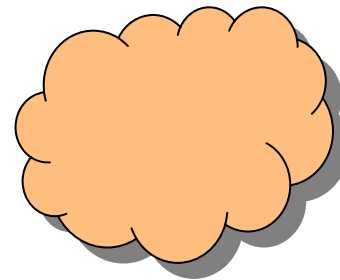
When there are more than one or two issues to resolve, we send out a request for further information - commonly called a Request for Information (Rfi) letter which contains the list of questions that require clarity. We are trialling sending a pro forma 'information only' letter to the customer that notifies them that questions have been asked on their project (i.e. it doesn't have the list of questions included).

The important issue is that all questions need to be answered fully and in a manner that council can easily follow.

(The clock is stopped whilst we await the response).



This is achieved by clearly answering the questions in a separate response letter, in the order asked, clearly numbered and the altered drawings are clearly clouded and the drawings referenced.

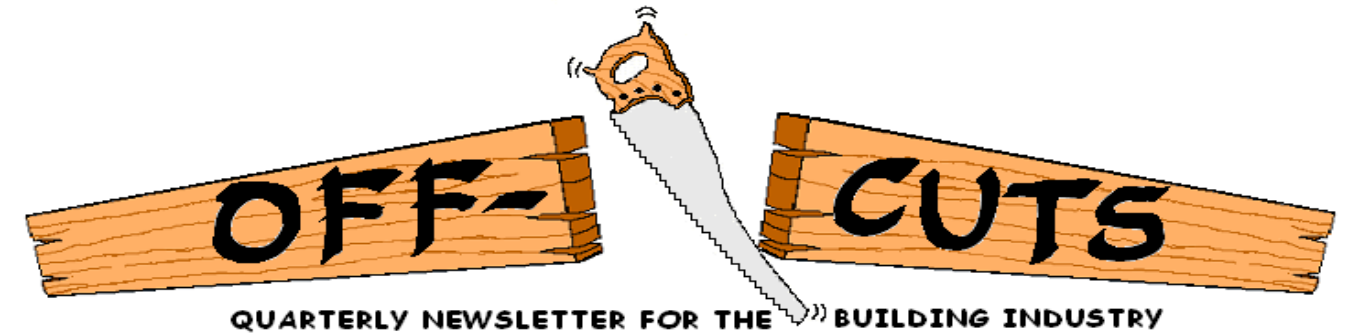


Please make your response in a professional manner to enable us to re-process it faster and therefore reduce costs to you.



WDC— QUARTERLY NEWSLETTER FOR THOSE IN THE BUILDING INDUSTRY

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Editorial



There will be a shift in focus on designers to provide better documentation and the traditional Building Inspector's role will, over time, potentially diminish as Licensed Building Practitioners (LBPs) accept more responsibility.

Our masters, the Department of Building and Housing (DBH), are concerned that the LBPs are not joining up fast enough and so they are embarking on another strategy to influence this by promoting the benefits of licensing to the homeowner - anticipating a 'bottom up' approach to create demand. Mandatory written contracts are proposed for certain building works and it will be a while before this, and other controls and supports, are put in place. Hence, there is a proposal to 'step' or phase-in some of these measures to ensure the correct degree of certainty is available to all parties to return confidence to our sector and to ensure that we have all our bases covered.

Jeff Jamieson

Team Leader Building Services

Inside this issue:

<i>Editorial</i>	1
<i>Fee adjustments</i>	2
<i>BWOF</i>	3
<i>Fact Sheet - Building Act Review results and next steps</i>	5
<i>Infrastructure Bond update</i>	6
<i>Use of PIMs</i>	7
<i>Requests for further information</i>	8

This month the Government announced another wave of changes to the Building Act and the Building Regulations, some due later this year and some to come into effect in 2011 and 2012. People are quick to seize on good news (and rightly so) but the further relaxation on the Schedule 1 exemptions (work that can be done without a building consent) is not due to be released until later this year (and the list still has to be finalised and gazetted etc). The Minister is keen on 'rebalancing' the industry, and ensuring that the responsibility for workmanship and outcomes lies with the professionals that can best make those decisions.

Fee adjustments

This is advance notice that there will be a number of fee adjustments from Friday, 1 October 2010. Most increases will be small to reflect the rise in GST to 15%.

This will also include a range of Government levies.



BWOF

BWOF is the acronym for Building Warrant of Fitness. This is the document that records your safety systems and features, and your signature that they are all up to date and in good working order. (e.g. fire alarms, auto-doors etc.). Council has noticed that a significant number of commercial premises do not have current BWOFs. We are addressing this issue promptly, in the first instance by re-contacting tardy respondents. Council is putting in place a system to notify the commercial operators of their obligations, but this also indicates a responsibility on behalf of the building owner/occupant to provide the appropriate documentation to us on time. Failure to comply with the correct process will involve additional correspondence and then infringements will be initiated.

Fact Sheet - Building Act review results and next steps

Introduction

This fact sheet outlines Government decisions arising from the review of the Building Act 2004. The review was conducted by the Department of Building and Housing in consultation with a Sector Reference Group and other representatives of the building and construction sector, consumer groups and local and central government.

The Government plans to:

Amend the Building Act to:

- make it clear that builders and designers are accountable for making sure buildings and building work meet the minimum requirements set out in the Building Code;
- make it easier for homeowners getting building work done to hold building contractors to account through mandatory written contracts, supported by information disclosure, clearer legal obligations and remedies and improved dispute resolution options;
- make it quicker and easier to get a building consent for low-risk work provided other quality assurance measures are met;
- exempt a broader range of minor work from needing a building consent.

Undertake further work on:

- a preferred approach to deliver a nationally consistent and administratively efficient building consenting system;
- whether or not changes are needed to the way liability is allocated in negligence cases in the building and construction sector;
- In addition to these new measures, the following existing initiatives will continue:
- clarify Building Code requirements and improve education about and access to the Building Code and supporting information;
- encourage building practitioners to become licensed, to promote, recognise and support professional skills and behaviour;
- develop a joint work programme with building and construction sector leaders to improve sector productivity.

Clear accountabilities

The review found that designers, builders, consumers and building consent authorities are not always clear on who is accountable for meeting Building Code requirements and what they can rely on others for. For instance, many designers believe that they should be able to rely on builders to construct their designs to meet Building Code requirements without the designer needing to specify all of the necessary detail. At the same time, many builders do not believe they need to know relevant Building Code clauses. Both believe that they can rely on building consent authorities to identify and correct inadequacies in their work.

The Building Act, including the purpose and principles, will be amended to make the accountability of all parties clear. This is expected to take effect from mid to late next year subject to Parliament's legislative agenda. This sets the framework for more work to be 'right first time' which will contribute to improved productivity.

More support for consumers in the residential construction sector

Many New Zealanders only rarely commission building work, and have limited knowledge of how best to manage the risks involved.

The Building Act 2004 will be amended to require a written contract between building contractors and consumers for all projects above \$20,000 supported by more information disclosure, clearer obligations and new legal remedies.

Every contract will have to include the already-existing warranties in the Building Act that require building work to be fit for purpose, meet the Building Code and be undertaken with reasonable care and skill (among other requirements).

The building contractor will be expected to fix any defects in their work that the consumer reports within 12 months of completion, on top of the existing obligation to 'put things right' for up to 10 years (provided there has not been misuse or negligent damage by the consumer). At the same time, consumers will get more information about what maintenance they need to carry out and the importance of reporting any defects as quickly as possible.

The building contractor will also have to give the consumer information before the contract is signed, designed to help consumers make informed choices based on the skills and background of the contractor. This will include information about what insurance or surety backing they have, to cover the cost of fixing any fault. Further work will be done on how best to provide for fast, effective disputes resolution including a review of the Construction Contracts Act.

These measures are intended to help New Zealanders who are building or renovating homes to hold builders to account and get any faults fixed more quickly and cheaply.

They are also intended to encourage builders to 'build right first time' because they will be clearly accountable for fixing their own mistakes, at their own cost.

These measures are expected to take effect later next year (2011) subject to Parliament's legislative agenda.

Exempt more minor work from needing a building consent

More minor low-risk work will be able to be done without needing a building consent (for example, higher fences and decks, and carports) from later this year.

Change the building consent system

The review identified that there is scope to reduce compliance costs if building consent and inspection requirements could be reduced without compromising quality. It is important to get the balance right between expecting builders and designers to be accountable for designing and building Code compliant work, and providing adequate assurance they are doing so through third party monitoring, currently done by building consent authorities operated by local councils.

It is proposed to move to a stepped building consent system where the amount of plan checking and inspection is aligned with the risk and complexity of the work, and the skills and capability of the people doing the work.

However this will only begin once certain pre-conditions are met (not before mid-2012 at the earliest). These pre-conditions are aimed at ensuring quality is not compromised by any change and include:

- greater awareness and understanding of the performance requirements of the Building Code and of how to comply with them;
- a base of competent practitioners in the sector, the cornerstone of which is the Licensed Building Practitioners Scheme;
- strengthened contracting requirements and related measures in the residential construction sector;
- an effective monitoring regime.

The key elements of the proposed stepped building consent system are:

1. a streamlined building consent process for some low-risk work (such as a free-standing garage or large rural shed) that simply checks that certain conditions are met (for example, the work is undertaken by a licensed building practitioner) but involves no further inspections by building consent authorities;

2. a simplified and more prescribed consenting process for certain simple residential building work at the lower-risk end of the spectrum (such as a simple single-storey house built using proven methods and design with low structural and weathertightness risks);

3. existing consent and inspection requirements for moderate- to high-risk residential building work, such as a multi-story house of complex design, and for lower-risk building work not involving a suitably qualified building practitioner;

4. new building consent processes and requirements for commercial buildings, to provide for reliance on third-party (non-building consent authority) review and quality assurance processes as an alternative to the current consenting and inspection requirements provided certain conditions are met.

Details will be set out in the Act and regulations. There will be opportunities for interested parties to comment on these details as part of the legislative process.

A nationally consistent building consenting system

The review concluded that there is potential for significant improvements to productivity and efficiency from moving to a more nationally consistent and efficient building consenting system.

Currently 75 building consent authorities process around 70,000 consents per year, an average of less than 1000 per authority. Each separately establishes and manages consenting systems and processes, such as those needed for customers to submit consent applications.

The Department of Building and Housing will work with local government representatives and other central government agencies to develop a preferred approach to delivering a more nationally consistent and efficient system. This could see nationally consistent decision making, back office support and IT systems in support of efficient local delivery.

This could potentially reduce costs of consent production by an estimated 40% and save around \$250m over five years.

The Government will consider a report on this area in the first half of next year.

Liability

The Government will review whether there is a need for change to the joint and several legal liability framework as it applies in the building and construction sector. 'Joint and several' applies when someone, for example the owner of a leaky home, sues for negligence.

It means that all the parties who have contributed to the specific problem with the building, by not doing their job properly, are legally obligated to meet the full cost of fixing the problem. This may include, for example, the council, the developer, architect, builder and subcontractors.

When more than one party has contributed to the problem, the full costs can be shared between the parties. In the event that one or more of the parties is unable to meet their share of the costs (for example, if they have gone out of business) then their share must also be covered by those who can pay.

In practice in weathertightness cases, this has seen local authorities carrying between 40 and 70 percent of the total cost of settlements. It has also seen other parties being found liable for amounts that they perceive as out of proportion to their actions.

Many of those who made submissions during the review expressed the view that the application of joint and several liability in weathertightness cases may be contributing to:

- building professionals and tradespeople seeking to protect themselves through measures such as limited liability companies and a reluctance to take on some types of work;
- risk averse behaviour by local authorities that is resulting in more inspections and greater-than-necessary compliance costs.

Consultation also identified that any change would potentially leave homeowners more vulnerable, because if one party is unable to pay then the homeowner would be left 'out of pocket'. This review will look at all perspectives, including the impact on homeowners of any change, and is due to be completed by March 2011.

Other matters

The Act will be amended to clarify the Building Warrant of Fitness regime, to overcome unnecessary confusion. This regime covers the maintenance and checking of systems critical to life and safety such as sprinklers, fire alarms and lifts.

Section 363B of the Act is being repealed because it is not an effective means of identifying or managing risk. This section requires owners of public buildings who had building work done between 1992 and 2005, to this year get a Code Compliance Certificate. An independent review determined that there are other controls available that are more effective and efficient ways of addressing any risk from uncertified building work.

The terms Compliance Document and Code Compliance Certificate will be changed to avoid any confusion about their purpose.

Further information

Further background information is available on the Department of Building and Housing website:

www.dbh.govt.nz