



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Building and Construction
Title of briefing	Building Consent Levy Review: Release of Consultation Document	Date to be published	9 May 2023

List of documents that have been proactively released

Date	Title	Author
April 2023	Building Consent Levy Review: Release of Consultation Document	Office of the Minister for Building and Construction
April 2023	Building Levy Review Discussion Document	MBIE
5 April 2023	Building Consent Levy Review: Release of Consultation Document DEV-23-MIN-0046 Minute	Cabinet Office

Information redacted

NO

Any information redacted in this document is redacted in accordance with MBIE's and MFAT's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The building levy review discussion document has been publicly released in the link below:

<https://www.mbie.govt.nz/dmsdocument/26383-building-levy-review-discussion-document>



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Building Consent Levy Review: Release of Consultation Document

Portfolio **Building and Construction**

On 5 April 2023, the Cabinet Economic Development Committee:

Background

1 **noted** that the Building Act 2004 requires that the building consent levy (the levy) must be reviewed no later than three years from when it was last set, which was 2019;

Investing in capacity uplift

2 **noted** that the appropriation funded by the levy is presently \$50.008 million;

3 **noted** that the Ministry of Business, Innovation and Employment (MBIE) has identified the need for further capacity investment at up to \$6.3 million over three years, driven by:

3.1 MBIE's ongoing programme of regulatory reform;

3.2 strong feedback from industry for improvement in the MBIE's digital channels for communication information, education, and advice;

4 **agreed** that the preferred option should be for the levy to recover the costs of the current appropriation of \$50.008 million, and the \$6.3 million in capacity uplift over three years to be funded from the memorandum account surplus;

Reviewing the threshold at which the Building Consent Levy should kick in

5 **noted** that the levy is payable by building consent applicants once the value of building work exceeds \$20,444;

6 **noted** that the threshold at which the levy becomes payable has not been adjusted for inflation since provision was made for payment of a levy;

7 **noted** that adjusting the levy threshold to \$65,000 would have a minimal impact on levy funding;

8 **noted** that the increase in the threshold would cost Building Consent Authorities circa \$68,734 (approximately \$1,025.88 per authority), but that this would be offset by reductions in costs associated with collecting and remitting the levy;

- 9 **agreed** that the preferred option in the consultation document *Discussion Paper - Building Levy Review* (the consultation document), attached to the submission under DEV-23-SUB-0046, should be to adjust the levy threshold to \$65,000;

Managing the reduction of the surplus

- 10 **noted** that MBIE's levy memorandum account is in surplus by circa \$71.6 million as at December 2022;
- 11 **noted** that under the preferred threshold and investment settings, the memorandum account balance will reduce to zero in December 2026, six months after the next levy review is completed and a new levy rate is prescribed if the rate is set at \$1.48;
- 12 **agreed** that the preferred option in the consultation document should be for a levy rate of \$1.48;
- 13 **agreed** to release the consultation document for consultation over April 2023 with the view of having the new levy rate in place by 1 October 2023;
- 14 **authorised** the Minister for Building and Construction to approve any minor or technical changes to the discussion document before its release;
- 15 **invited** the Minister for Building and Construction to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above settings, subject to the outcome of consultation.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Michael Wood
Hon Dr Ayesha Verrall
Hon Willie Jackson
Hon Damien O'Connor
Hon David Parker
Hon Peeni Henare
Hon Priyanca Radhakrishnan
Hon Kieran McAnulty
Hon Ginny Andersen
Hon Dr Duncan Webb
Hon Rino Tirikatene
Hon Dr Deborah Russell
Jo Luxton MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV