

Changes for residential construction

On 1 January 2015, new laws have come into effect that will have an impact on residential building in New Zealand. Not only will the changes improve the structure and content of the documentation between the builder and the owner it will also highlight what responsibilities are allocated to each party so those expectations can be better met.

This amendment has been expected since 2010, so there should be little surprise in what will be changed.

But what does it mean for you? Amongst other things:

1. For all residential building over a financial threshold (\$20,000 or \$30,000 but we have yet to see this finalised) it will be compulsory for the builder to have a written contract signed by the customer. The regulations that have yet to be completed are likely to provide a standard contract that can be used in the absence of a builder preparing its own contract.
2. If the builder's written contract is deficient in any key, the necessary clauses to complete the contract will be deemed to be included and taken from the standard contract provided by the Ministry. If there is no contract, the standard contract that will be provided most likely in the regulations that are still to be released, will apply.
3. A builder must provide the homeowner with a checklist to consider which should ensure all aspects of the build can be agreed prior to any works starting. This will assist when owners with little knowledge in the building industry need to make informed decisions for their project and ensures a no surprises approach.
4. The builder also needs to provide a disclosure statement containing details about them and their company, insurance details, qualifications etc. Again this will help an owner make important decisions about their building project.
5. At the completion of the project the builder has to provide all relevant paperwork such materials and product warranties, maintenance requirements to cover off the durability period for the various materials used in the construction of the dwelling and any ongoing insurance cover.
6. The defects liability period will automatically be a minimum of 12 months.
7. If these requirements are not met builders can be spot-fined \$500 and importantly could be disciplined by the Licensed Building Practitioners Board.

What can you do to get ready?

1. Get together your standard documentation: the disclosure statement, the checklist, the written building contract, copies of the relevant insurance policies, guarantees, warranties and know the maintenance requirements of the products you chose to use and
2. Get to know the new legislation so you can fulfil your obligations.