

In Confidence

Office of the Minister for Building and Housing

Chair, Cabinet Social Policy Committee

## **Residential Tenancies Regulations – Final insulation and smoke alarm minimum requirements**

### **Proposal**

- 1 This paper seeks your agreement to the final insulation and smoke alarm requirements to be prescribed in the regulations under the Residential Tenancies Act 1986 that landlords of residential rental properties and their tenants will be required to meet.

### **Executive Summary**

- 2 The Residential Tenancies Act 1986 (RTA) currently specifies that rental properties must be 'provided in a reasonable state of repair' with minimum standards for all residential dwellings prescribed in the Housing Improvement Regulations 1947. While the RTA and associated regulations are fundamentally sound, they do not include provisions for insulation or smoke alarms for existing rental properties.
- 3 I have previously noted to Cabinet that a lack of insulation in rental housing contributes to poor health outcomes, particularly for children in low-income families, which could have long-term economic and social impacts [SOC Min (15) 14/4 refers]. Studies have shown that the quality of rental housing is consistently lower than owner occupied houses, expressing particular concerns about the levels of insulation in residential rental properties.
- 4 Since 2011, the New Zealand Fire Service (NZFS) has identified that 75 percent of all avoidable fire fatalities were in rental properties despite rental properties only making up around 30 percent of all houses. The NZFS noted that, since 2013, three quarters of all fatal house fires were in properties that did not have working smoke alarms, many of which would have been rental properties.
- 5 On 6 July 2015, Cabinet agreed to a package of amendments to the RTA to require insulation and smoke alarms to be installed in residential rental properties and make other residential tenancy improvements [SOC Min (15) 14/4 refers]. The key objectives of these amendments are to:
  - 5.1 make residential rental properties warmer, drier and easier to heat; and,
  - 5.2 reduce fire-related fatalities and injuries in residential rental properties.
- 6 On 2 November 2016, Cabinet agreed to publicly consult on the proposed amendments and requested a report back in early 2016 for Cabinet to approve the final standards to be prescribed in the RTA regulations [CAB-15-MIN-0188.01 refers]. This paper provides this report back following consultation in December 2015 and January 2016.

- 7 Stakeholders generally supported the Government's intention to make the requirements, however, three key policy issues were identified from the consultation that require further consideration and are discussed below.

*Setting the thermal requirements for needing insulation retrofits*

- 8 Many consultation submissions suggested that setting the minimum thermal requirements for establishing whether the existing insulation in a residential rental property needed retrofitting to the 1978 insulation requirements (NZS4218P:1977), as proposed in the discussion document, was confusing and inadequate, particularly for houses located in the colder areas of the country (South Island and Central Plateau). Alternative options identified were setting the minimum levels that would trigger an upgrade to either the current 2008 Building Code requirements or the 2001 Building Code requirements.
- 9 Consistent with the original proposal consulted on, I propose that the regulations prescribe that the minimum thermal requirements for establishing the need to retrofit insulation in residential rental properties is set at the R-value levels prescribed in the 1978 Standard Permitted Combinations for Type A Construction (NZS4218P:1977). For ease of reference, the R-value thermal performance levels prescribed in NZS4218P:1977 are referred to as the 1978 requirements in this paper.
- 10 As noted in previous Cabinet papers, I consider that the 1978 requirements:
- 10.1 provide the greatest benefit, which comes from upgrading houses with no insulation, as the incremental benefits of insulation reduce as the R-value increases;
  - 10.2 reduce the potential effect on the rental market, which would be limited to requiring around 40 per cent of rental stock to be retrofitted, approximately 180,000 properties, and avoids the need for landlords to take rental properties out of the market unnecessarily;
  - 10.3 maximise the likely benefits of the proposed insulation requirements relative to the compliance costs; and,
  - 10.4 for houses insulated to the 1978 requirements (which would have ceiling, wall and underfloor insulation), the percentage heat loss would be roughly equivalent to a house originally built with no insulation that is subsequently retrofitted with underfloor and ceiling insulation that meets the current Building Code requirements.
- 11 As the benefits of insulation reduce incrementally as the R-value increases, setting higher requirements for retrofitting houses, based on either the 2001 or 2008 Building Code requirements, only provides relatively small improvements in thermal performance. There are likely to be additional benefits but there is uncertainty around the extent of additional benefits over and above those provided by the 1978 requirements previously agreed by Cabinet.

*Insulation installation quality and risks of electrocution*

- 12 Installing insulation properly and safely to maintain the intended thermal performance of the products and protect installers' safety, especially do-it-yourself landlords, was another major theme that came out of the consultation. I propose that the regulations

require that any new installations comply with the existing voluntary insulation installation standard, New Zealand Standard: Energy Efficiency - Installing Insulation in Residential Buildings (NZS4246:2006), which would address most of the concerns around installation identified by submitters.

- 13 More serious concerns were expressed by submitters on the life safety risks of retrofitting electrically conductive insulation (foil) under existing floors. I consider that this issue needs to be specifically addressed as there is a real risk that, if this method of installation continues to be used, the key electrical installation safeguards in place will not be effective. I am particularly keen to mitigate this risk as it is expected that some insulation will be installed by do-it-yourself landlords.
- 14 To address this issue, the Ministry of Business, Innovation and Employment's (MBIE's) Chief Executive intends to use his powers, under section 26 of the Building Act 2004, to ban, as a building method, the installation of conductive insulation materials in residential properties from 1 July 2016. The scope of this ban would be limited to "installing conductive insulation into a residential property with an existing electrical installation" so these materials may be used in new residential construction where the power is not connected.
- 15 This would be the first use of this power under the Building Act and would require MBIE to undertake the necessary public consultation, as required by the Act. The consultation would ensure that the ban is appropriately worded to achieve the desired effect and has minimal unintended consequences. I propose to report back to Cabinet by 8 June 2016 on the outcomes of this consultation and to seek Cabinet's agreement to any consequential legislative changes that may be required to implement this decision by 1 July 2016.
- 16 To support the Chief Executive's actions, I propose that the Residential Tenancies Regulations clearly reference that, from 1 July 2016, conductive insulation must not be retrofitted into residential rental properties.

#### *Confirmation of other insulation and smoke alarm requirements*

- 17 A number of other insulation and smoke alarm requirements that Cabinet agreed to in July and November 2015 either remain unchanged or only require minor wording amendments or further clarification following public consultation. A comparison of the consultation proposals and the final policy settings for the regulations is attached at Appendix 1.
- 18 I propose that Cabinet approve these requirements as the final requirements to be prescribed in the Residential Tenancies Regulations as per the recommendations in this paper.
- 19 The new regulatory requirements proposed in this paper for insulation and smoke alarms will not override any higher requirements in other legislation, e.g. those that apply to multi-unit complexes or boarding houses.

#### **Background**

- 20 I have previously noted to Cabinet that a lack of insulation in rental housing contributes to poor health outcomes, particularly for children in low-income families, which could have long-term economic and social impacts [SOC Min (15) 14/4 refers]. Studies have shown that the quality of rental housing is consistently lower than owner occupied

houses with 43% of rental dwellings having moderate to high levels of mould compared to 25% in owner occupied dwellings. These studies have expressed particular concerns about the levels of insulation in residential rental properties.

- 21 Additionally, since 2011, 75 percent of all avoidable fire fatalities were in rental properties despite rental properties only making up around 30 percent of all houses. The NZFS identifies that, since 2013, three quarters of all fatal house fires were in properties that did not have working smoke alarms, many of which would have been rental properties. International and domestic evidence indicates that having operational smoke alarms can reduce fire fatalities by one third to one half as well as reducing the likely tenant injuries and property damage from house fires.
- 22 On 6 July 2015, Cabinet agreed to a package of amendments to the RTA to require insulation and smoke alarms to be installed in residential rental properties and make other residential tenancy improvements [SOC Min (15) 14/4 refers]. These amendments were informed by a trial of a rental 'Warrant of Fitness', undertaken by Housing New Zealand in early 2014, that focussed on factors that affect state house tenants' health and safety.
- 23 Cabinet agreed that residential rental premises must meet the insulation and smoke alarm requirements prescribed in regulations from the following dates:
  - 23.1 1 July 2016: Housing New Zealand and Community Housing Provider tenancies where tenants pay an income related rent must meet the insulation requirements;
  - 23.2 1 July 2016: all residential rental premises covered by the RTA must meet the smoke alarm requirements; and,
  - 23.3 1 July 2019: all remaining residential rental tenancies covered by the RTA must meet the insulation requirements.
- 24 These dates are set in the Residential Tenancies Amendment Bill (the Bill) which is expected to be reported back from the Social Services Select Committee by April 2016.
- 25 On 2 November 2015, Cabinet agreed to further amendments to the proposed regulations and to release the discussion document "*Proposed Residential Tenancies Regulations for insulation and smoke alarms*" that sought public views on what provisions should be contained in the proposed regulations [CAB-15-MIN-0188.01 refers]. The proposed insulation and smoke alarm regulations were publicly consulted from 3 December 2015 to 11 February 2016.

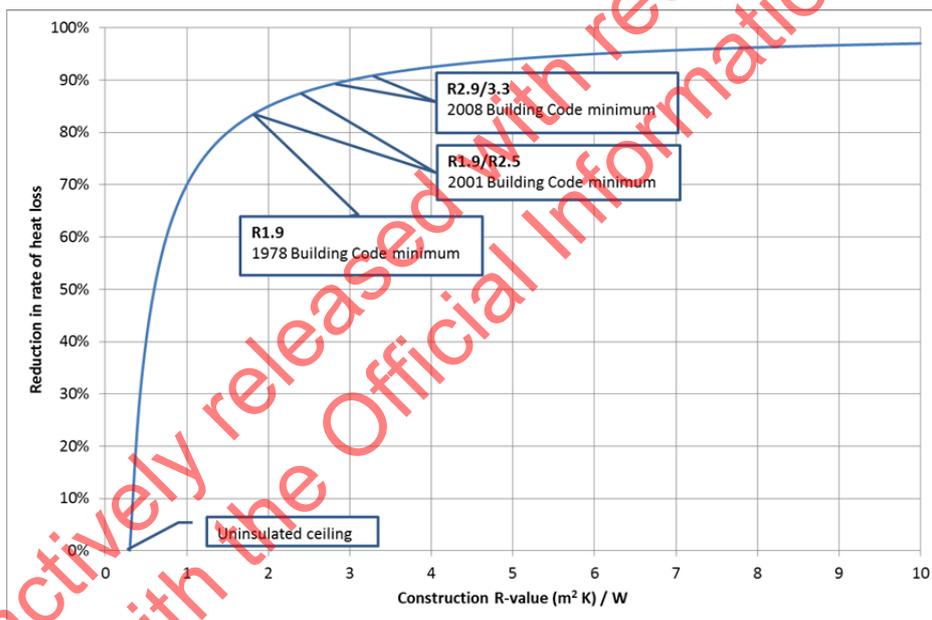
#### **Setting the thermal requirements for needing insulation retrofits**

- 26 Cabinet agreed, in principle, that existing rental properties which currently have no insulation in ceilings and underfloors should have new insulation installed to meet the current Building Code requirements.
- 27 For existing rental properties that already have insulation installed, Cabinet agreed in-principle that landlords would be required to upgrade these properties if the level of insulation does not meet the R-value levels set out in the 1978 minimum thermal requirements (NZS4218P:1977), e.g. the insulation was excessively compressed, damp or damaged. These properties would also be required to have the insulation upgraded to meet the current Building Code requirements.

28 The 1978 requirements were proposed because they:

- 28.1 provide the greatest benefit, which comes from upgrading houses with no insulation as the incremental benefits of insulation reduce as the R-value increases as shown in Figure 1 below;
- 28.2 reduce the potential effect on the rental market, which would be limited to requiring around 40 per cent of rental stock to be retrofitted, approximately 180,000 properties, and avoids the need for landlords to take rental properties out of the market unnecessarily;
- 28.3 maximise the likely benefits of the proposed insulation requirements relative to compliance costs; and,
- 28.4 for houses insulated to the 1978 requirements (which would have ceiling, wall and underfloor insulation), the percentage heat loss would be roughly equivalent to a house originally built with no insulation that is subsequently retrofitted with underfloor and ceiling insulation that meets the current Building Code requirements.

**Figure 1:** Heat loss reduction relative to construction R-value



29 Around 62 per cent of the consultation submissions indicated that setting the thermal requirements at the 1978 insulation requirements (NZS4218P:1977) for existing rental properties was either too low or inadequate. Having two sets of insulation requirements (one for properties with existing insulation and one for when new insulation is installed) was also seen as potentially confusing. Some submitters suggested that the minimum requirement should reflect the geographic zoning introduced in the 2001 Building Code i.e. that houses in colder climates should have a higher minimum level of insulation.

30 Some submitters also considered that the minimum thermal requirements should be aligned with the Warm Up New Zealand (WUNZ) subsidy eligibility criteria. I do not consider this appropriate because specifying a higher minimum requirement can be justified where the Government is providing a subsidy.

- 31 In addition to the 1978 requirement, there are two other options that could be considered: the minimum thermal requirements from the 2001 Building Code or the 2008 Building Code. The thermal performance of each option is summarised in the table below.

Year	Level of insulation required for new build houses (construction R values)			
Pre-1978	None (unless required by local Council)			
	Timber-framed minimum		Masonry minimum	
1978 – 2000	Ceiling	R 1.9	Ceiling	R 1.5
	Walls	R 1.5	Walls	R 0.8
	Underfloor	R 0.9	Underfloor	R 0.9
	Zones 1 and 2* minimum (North Island excluding Central Plateau)		Zone 3* minimum (South Island and Central Plateau)	
2001 -2007	Ceiling	R 1.9	Ceiling	R 2.5
	Walls	R 1.5	Walls	R 1.9
	Underfloor	R 1.3	Underfloor	R 1.3
2008 – now*	Ceiling	R 2.9	Ceiling	R 3.3
	Walls	R 1.9	Walls	R 2.0
	Underfloor	R 1.3	Underfloor	R 1.3
	Glazing	R 0.26	Glazing	R 0.26
	Skylights	R 0.26	Skylights	R 0.31

**Table 1:** Based on Clause H1 – Energy Efficiency in the New Zealand Building Code: Acceptable Solutions for non-solid (timber-framed) construction. Higher R-values are required of ceilings for alternative construction methods, such as solid construction.

#### 2001 New Zealand Building Code - Clause H1

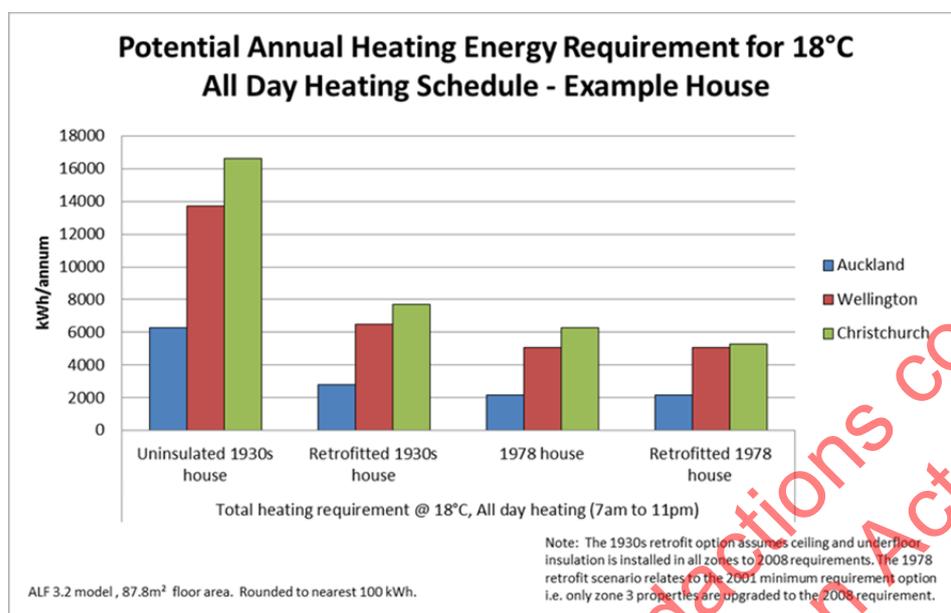
- 32 The Acceptable Solution for H1 introduced climate zones, for the first time, in December 2000. Ceiling and wall insulation requirements were similar to those in the 1978 requirement for houses in zones 1 and 2 (the warmer North Island areas), but were higher for houses in zone 3 (the South Island and Central Plateau). Underfloor insulation requirements for new builds were increased in December 2000 from R 0.9 to R 1.3 in all zones. However, this is not believed to have been a significant change in practice as the commonly used floor constructions (either concrete slab-on-ground or suspended timber floor incorporating draped aluminium foil) were deemed to comply in the new Acceptable Solution. There were no underfloor bulk insulation products in common use at the time.
- 33 An estimated 20,000 to 30,000 rental properties, which were built in the 1980s and 1990s in the colder areas, would have to be retrofitted with additional insulation if the 2001 minimum requirements were adopted. In practice, the number is likely to be lower as some will have already been retrofitted, some will be exempt, and some would have been built to a higher standard at the time (for example, double glazing became common in new builds in the South Island before it was required in the 2008 Building Code). Insulation industry installers advise that the additional number of properties is low enough that, if required, they would be able to scale up to deliver within the existing timeframe of 1 July 2019.
- 34 Housing New Zealand advise that all its properties would already comply with a 2001 minimum level. It is possible that the 123 properties managed by community housing providers in the South Island may be required to upgrade the insulation in their properties as a result of this requirement.

- 35 Consultation submitters identified that the potential benefits of increasing the minimum insulation requirement to this level include:
- 35.1 improved thermal performance of rental properties in the coldest parts of New Zealand (zone 3 – the South Island and Central Plateau);
  - 35.2 ensuring consistency in the approach to the requirements for rental properties of different ages in colder areas;
  - 35.3 addressing the adequacy of insulation in rentals; and,
  - 35.4 consistency with the WUNZ eligibility criteria.
- 36 There may be additional benefits accruing to tenants in South Island properties under a 2001 minimum requirement. However, it is not appropriate to attribute the same level of health savings estimated for the 1978 minimum requirement to the additional affected properties. This is because these properties would have, proportionally, a much smaller improvement in thermal performance. It is not clear that this improvement would significantly alter outcomes like respiratory disease mortality rates. There are, therefore, a number of unquantified ‘advantages’ (noted above) that can be weighed against a reduced cost benefit ratio if extra costs are assumed but no additional benefit. The effect on the overall cost benefit ratio of the increased costs is that each extra \$1.00 of cost results in \$0.00 of quantifiable benefit. MBIE officials identify that there would be a total cost of \$1,400 per property (for an average sized house) in moving to the 2001 minimum level for ceiling insulation. The marginal total extra cost of the change if 25,000 similar sized properties were affected would be \$30.26 million.

*2008 New Zealand Building Code - Clause H1*

- 37 The 2008 edition of Clause H1 – Energy Efficiency introduced a significant increase in the ceiling insulation requirements across all climate zones. The requirements for underfloor insulation in the Acceptable Solution’s Schedule Method remained the same as in the 2001 edition. Concrete slab floors and draped aluminium foil insulation are still deemed to comply.
- 38 The 2008 schedule method requirements for non-solid construction would be consistent with the current new home insulation requirements and would provide one level for all rental properties. It would provide the highest thermal performance of the options. MBIE has been unable to quantify the additional health benefits of a marginal increase in insulation but, while there may be benefits, these may not outweigh the additional costs.
- 39 It is estimated that 110,000 to 189,000 additional rental properties would be affected if the minimum requirement was raised from the 1978 level to the 2008 level, including properties built fewer than 10 years ago.
- 40 Given the lack of data on benefits, the scale of additional affected properties, how recently existing insulation would have been installed in many properties and the potentially increasing likelihood of a large demand spike that industry is unable to meet as the due date approaches, I do not recommend the 2008 level as a minimum requirement. If this level were pursued, an additional two years would be required to implement the policy, delaying the benefits that would otherwise accrue to tenants in existing uninsulated properties.
- 41 While it is difficult to attribute monetary savings, the difference in ability to heat an example home under the different options can be modelled. It is important to note this is

not equivalent to actual heat/energy savings, as the modelling does not reflect likely tenant behaviour but simply provides a comparison of different retrofit options. In the graph overleaf, the difference between the “1978 house” bars and the “retrofitted 1978 house” shows the reduction in heating required if the 2001 or 2008 minimums are used.



42 In the absence of being able to quantify the benefits of the 2001 requirements, I propose that the regulations require that the minimum thermal requirements be set at the 1978 Standard Permitted Combinations for Type A Construction (NZS4218P:1977), as proposed in the discussion document. The advantages of these requirements likely outweigh the uncertainty in marginal benefits over the other options.

43 MBIE’s information and education campaign will provide landlords and tenants with a mechanism and guidance by which they can assess whether the effectiveness and condition of the insulation currently installed in the property meets the thermal requirements of the regulations.

#### Quality of installation for insulation retrofits

44 Feedback from submitters identified that incorrectly installed insulation significantly reduces its thermal performance i.e. every 1mm gap around the edge of insulation reduces the effective R-value by approximately 3 percent. A number of submissions noted that it is important that the quality of installation does not compromise the insulation’s thermal effectiveness or put the safety of the installer and occupants at risk. Some highlighted the potential life safety risks around installing electrically conductive insulation (foil) under floors, particularly if undertaken by do-it-yourself landlords. This particular issue is discussed later in this paper.

45 I propose that the regulations require that all insulation retrofits in residential rental properties must be installed in accordance with the current New Zealand Standard: Energy Efficiency - Installing Insulation in Residential Buildings, NZS4246:2006.

46 The standard provides clear, structured installation guidance as well as comprehensive health and safety information and precautions for installers. The advantages of adopting NZS4246:2006 are that it:

- 46.1 covers most housing designs and construction types as well as the most common insulation products;

- 46.2 better defines good post-installation labelling practice to ensure that it is clear what levels of insulation have been installed;
- 46.3 provides hazard management and risk identification processes for the people undertaking the work to follow; and,
- 46.4 provides specific guidance on protecting the health and safety of the installer.
- 47 Alongside the requirement in the Bill that landlords confirm the extent of insulation in the ceiling, underfloor and walls, as part of the required tenancy agreement, this new requirement will:
- 47.1 provide assurance to tenants that installation work has been installed to an accepted quality level and to best practice;
- 47.2 ensure that all landlords participate in some form of risk identification process when insulating their properties, particularly do-it-yourself installers;
- 47.3 potentially encourage do-it-yourself installers to engage professional installers to insulate their properties instead of undertaking the work themselves; and,
- 47.4 provide a consistent basis by which Tenancy Mediators and the Tenancy Tribunal could assess and make judgments on insulation quality and/or installation related complaints.

#### **Conductive insulation (foil) products**

- 48 Specific risk mitigations were included in the proposed regulations on the potential use of conductive insulation products (foil), particularly under floors. These were requirements in the regulations that if a landlord wishes to install conductive foil insulation they must:
- 48.1 meet a standard (developed and administered by WorkSafe NZ) covering the safe installation of conductive foil insulation products; and,
- 48.2 ensure all electrical circuits where foil is to be installed are permanently protected by residual current devices (RCDs).
- 49 Submitters, especially technical insulation experts, expressed strong views that the use of conductive foil products in residential rental properties should not be permitted at all because of the health and safety risks. Many mentioned the four deaths of installers in New Zealand in 2007 and referred to the decision by the Australian Government to stop an economic stimulus programme only four months after commencement due to the deaths of four insulation installers.
- 50 My colleague, the Minister of Energy and Resources, and I have serious concerns that the proposed risk mitigations are insufficient. The introduction of a requirement to insulate residential rental properties and, in particular, under floors where electrical wiring may be surface mounted increases the number of people who may consider installing such products. These people may choose to do this under time pressure and with little experience with such work. A similar risk exists for property owner-occupiers and in properties that frequently swap between owner-occupation and rental. I asked officials to look into an option to ban the use of conductive insulation. Any ban would therefore need to apply across all residential properties in order to be effective. This will

also help to deter landlords from trying to avoid the new requirements by claiming the property was not a rental when work was undertaken.

- 51 While there are other pieces of legislation that could implement such a ban, the Building Act 2004 provides the most appropriate and effective way to implement one.<sup>1</sup>

### ***Building Act Ban***

- 52 MBIE's Chief Executive has powers, under section 26 of the Building Act, to issue a warning about, or ban the use of, a building method or product if he considers, on reasonable grounds, that the use of that building method or product has resulted in, or is likely to result in, building work failing to comply with the Building Code.

- 53 There is a real risk that, if this method of installation is used, the key safeguards incorporated in the electrical installation (most commonly the insulation of the electrical wires) will no longer be effective, resulting in building elements becoming live and electrocuting or injuring installers or others using the building. MBIE considers that a section 26 ban of this building method is available and appropriate in these circumstances.

- 54 The availability of a ban aligns with the overall purpose and structure of the Building Act. In particular, the focus on ensuring that buildings are safe to use, that the minimum requirements of the Building Code are met, and that when work is undertaken on a building that it continues to meet the requirements of the Building Code.

- 55 MBIE officials advise that the scope of this ban would best be limited to "installing conductive insulation into a residential property with an existing electrical installation". The conductive insulation products in question have commercial applications that do not give rise to the same risk because of the different construction methods used and the predominance of professional installation. Therefore, a complete product ban is not appropriate.

- 56 The Building Act sets out clear processes for issuing a ban that includes a minimum 10 day consultation process unless the ban is considered urgent. Given the length of time since issues with the practice of conductive insulation became clear (the deaths in New Zealand in 2007) and the fact that this would be the first use of this power under the Building Act, MBIE considers that it would be prudent to undertake the required consultation. Consultation will help to clarify whether a ban is the appropriate method of dealing with the risk of installing conductive insulation or whether we should proceed with another option. The consultation process will also help to clarify the structure of the proposed ban, what it will cover and any limits on the ban.

- 57 MBIE proposes to issue a statement of proposal for consultation on or prior to Friday 29 April 2016. This gives MBIE time to analyse the various options available for achieving the objective of the proposed ban, to prepare and finalise the statement of proposal, and to notify the public of the consultation process. The final date for accepting submissions will be Friday 20 May 2016.

- 58 I intend to report back to Cabinet by 1 June 2016 on the outcomes of MBIE's consultation and to seek Cabinet's agreement to any consequential legislative changes

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<sup>1</sup> The Residential Tenancies Amendment Bill and Regulations, the Electricity Act 1992 and Electricity (Safety) Regulations 2010 and the Health and Safety at Work Act 2015 were considered as options for implementing a ban on installing conductive insulation products.

that may be required to support and implement the Chief Executive's decision by 1 July 2016.

- 59 To support the Chief Executive's actions, I propose that the Residential Tenancies Regulations clearly state that conductive insulation is not to be retrofitted in residential rental properties. Additionally, adopting NZS4246:2006 as the minimum installation requirement will assist in implementing a ban. Conductive foil insulation products are out of scope of this standard so their use in residential properties would not comply with its requirements or the proposed regulations.
- 60 To further support these changes, the Bill has a minor amendment proposed to allow these requirements to come into force from the date of Royal Assent for the Bill.

### ***Other conductive insulation risk***

- 61 There are two further situations where risk may arise from conductive insulation, although not to the same extent as residential property retrofits. These are the use of foil in new buildings and the presence of foil in existing houses, particularly if further attention is drawn to the safety concerns by issuing a ban on new retrofits.

### ***New build installation***

- 62 The Building Code Acceptable Solution H1/AS1 currently includes insulating foil as a means of complying with Building Code for underfloor insulation. This solution is intended for new construction, where the foil is draped over the floor joists before the flooring material is installed on top and does not cover retrofitting in existing houses by installation from within the sub-floor space. At the time foil insulation is installed in new construction, there is usually no electricity installed in the building and, should there be a connection that makes the foil electrically live, it would be found during the testing and commissioning at the time of enlivening the electrical installation.
- 63 I propose to amend this Acceptable Solution to remove the use of foil insulation because there is a range of better, non-conductive insulation choices available, such as polyester and polystyrene, which can be installed without stapling, significantly reducing the likelihood of contact with live electric circuits. I intend to seek Cabinet approval for this change by 30 June 2016, undertake consultation from July 2016, and publish the revised Acceptable Solution in November 2016.

### ***Existing conductive insulation***

- 64 The new regulations will result in all landlords being required to establish the extent of insulation in their property when any new tenancy is signed from 1 July 2016. Many tenants are also likely to investigate their properties. There could be cases where existing insulation is electrically live in all or part of the underfloor. For example, if conductive insulation had been installed previously with the power off and not tested for safety once power was restored.
- 65 Under section 116B of the Building Act 2004, no person may "knowingly permit another person to use a building, for a use for which the building is not safe", therefore if the landlord is aware the building is 'live', they would be committing an offence under this section.
- 66 In practice, the risk to any person checking their existing insulation cannot be eliminated so information will be made available on how to do this safely. This will be a focus of MBIE's information campaign on the new requirements. WorkSafe NZ advises that,

irrespective of the final agreed approach, they will develop guidance about electrical safety and the safety risks of working in the presence of conductive thermal insulation near electrical installations. WorkSafe NZ has indicated the guidance will be available by 1 July 2016, and this will include advice on what people should do when accessing areas with, and removing existing, conductive thermal insulation.

## **Minor and technical amendments to the regulations**

### ***Insulation top-ups on existing insulation***

- 67 Some consultation submitters expressed confusion around whether landlords could add insulation, such as blanket type insulation products or insulation segments, to existing insulation to meet the required R-value levels, rather than having to fully replace the existing insulation. A number of submitters, mainly building industry professionals, requested that the regulations allow existing ceiling insulation that does not meet new thermal performance requirement to be topped-up to meet the new requirements.
- 68 I propose that the regulations permit insulation top-ups over existing ceiling installations where the total R-value of the existing and new insulation combined would meet the thermal performance requirements of the current Building Code. Explicitly allowing top-ups will reduce compliance costs for landlords, and bring the regulations into alignment with common building practice and the Energy Efficiency and Conservation Authority's (EECA) guidelines. The regulations will clarify that, in total, any top-up installation must meet the required R-values.
- 69 MBIE notes that it would cost approximately \$1,400 to top-up the ceiling insulation in an average (96 square metre) property. EECA advises that the top-ups in the Warm Up New Zealand programme cost about \$3.00 less per square metre than installing completely new insulation. Additional benefits of top-ups include reduced wastage of materials and increased thermal performance as top-up insulation is generally laid over existing insulation and structures which can increase coverage and reduce gaps. EECA also have a specific top-up product that meets their Warm Up New Zealand requirements and is installed by their professional installers.
- 70 Decisions on when top-ups are appropriate may require professional judgement. Requiring insulation installations to meet NZS4246:2006 will provide guidance on this for installers. For do-it-yourself landlords who are unsure about how to meet the thermal requirements for top-ups, MBIE's information campaign will recommend they seek professional advice on potential options.
- 71 I also propose that the regulations clarify that if insulation is currently installed and is to remain, it must be in reasonable condition and that damp or damaged insulation must be replaced to ensure that the property meets the thermal requirements of the regulations.

### ***Smoke alarm type and replacement***

- 72 Cabinet had previously agreed that long life (ten year) alarms are required to be installed where there are no existing alarms or when existing alarms are replaced at the end of their life [SOC Min (15) 14/4 refers]. There was strong support for this proposed requirement. Consultation submissions from landlords, property managers and tenant advocacy groups identified that some tenants remove the batteries or tamper with alarms and that low income tenants could find the additional, on-going cost of replacing batteries onerous. Long life alarms have sealed batteries which do not need to be replaced and are viewed as being more tamper resistant.

- 73 Most long life alarms have a lifespan of around eight to ten years but there is very little scientific evidence or technical advice that provides sufficient assurance that all alarms will consistently last this length of time. The NZFS have identified that there is no assurance that long life smoke alarms near the end of their life will operate when they encounter smoke even though pressing the test button activates the sounder. This is because depressing the test button simply completes the electrical circuit between the battery and the sounder but does not confirm that the alarm is still capable of detecting a fire.
- 74 I propose that the new regulations require that landlords replace all smoke alarms in accordance with the manufacturer's recommended replacement date stated on the alarm.
- 75 Smoke alarms must meet the minimum durability requirement of five years under the New Zealand Building Code (Clause B2), however, there is no mandatory replacement period for them. Current smoke alarm manufacturing requirements, principally Australian Standard AS3786:1993 for Australia and New Zealand, require that all alarms display a recommended replacement date as well as have an alert that notifies house occupants when batteries are low and should be replaced.
- 76 I consider that it would be sufficient for the Residential Tenancies Regulations to require all existing and new alarms to be replaced at the end of their life according to the manufacturer's recommended replacement date that is stated on the alarm. This is likely to be somewhere between the Building Code minimum lifespan requirement (five years) and the maximum expected lifespan of individual alarms (eight to ten years). This would also enable tenants to visually confirm the recommended replacement dates for each installed alarm.
- 77 Stakeholders also provided strong support for requiring photoelectric (or dual purpose) smoke alarms to be installed, as proposed in the regulations, as opposed to other types such as ionisation alarms. Domestic and international testing has found that photoelectric alarms are effective at detecting both smouldering fires (which are considered the most dangerous as they produce smoke long before flames occur which can affect residents breathing and cause suffocation) as well as flash fires. In comparison, ionisation alarms are more effective at detecting flash fires but they take much longer to detect a smouldering fire which could have fatal consequences for occupants. In some jurisdictions, such as Australia, there are calls for non-photoelectric alarms to be banned from sale although this has not been done.
- 78 I propose that the regulations require that all new and replacement long life smoke alarms are to be photoelectric alarms in residential rental properties. This clarification is sought as photoelectric alarms have been noted in previous Cabinet papers as the required alarm type but were not formally agreed to in Cabinet's decisions [SOC Min (15) 14/4 refers].
- 79 To ensure consistency in the quality of the alarms that can be purchased and installed, I propose that the new regulations require that all new or replacement alarms comply, as a minimum, with the manufacture requirements contained in Australian Standard AS3786:1993 or an equivalent standard. Equivalent standards from other jurisdictions include: UL217 (USA); ULCS531 (Canada); BS5446:Part 1 (United Kingdom); BS EN 14604 (United Kingdom); or ISO12239 (International).
- 80 These proposals would see older style, replaceable battery smoke alarms progressively replaced over time with new long life photoelectric alarms as they reach the end of their

life. While the responsibility for battery replacement in 9-volt battery alarms would remain with the tenant, the necessity to replace batteries would reduce over time as landlords replace existing alarm types with long life ones. This would help reduce the financial burden on the tenant of replacing batteries.

### **Installation and placement of smoke alarms**

81 The consultation workshops and feedback from submitters provided strong recommendation that the location and placement of smoke alarms was important and required clarification in the regulations. The main issues stakeholders identified were:

81.1 should the regulations be more specific about alarm placement in terms of height and distance from walls and corners of rooms; and,

81.2 clarification about location and installation of individual alarms to mitigate the risk of alarms being installed in areas where they won't be effective, for example, in a cupboard or the corner of a room.

82 I propose that, in addition to identifying the required room locations for smoke alarms, the regulations require that all new and replacement smoke alarms in residential rental properties are installed in accordance with placement requirements identified in the manufacturer's instructions.

83 As Cabinet has previously agreed, the regulations will require that landlords are responsible for ensuring that operating smoke alarms are installed in a rental property at the commencement of each tenancy. Responsibility for changing the batteries of existing alarms that have not yet reached the end of their useable life would remain with the tenant. As per tenant's obligations to notify damage or the need for repairs under s40(1)(d) of the RTA, tenants would also be required to report smoke alarms that become defective, faulty or stop working to the landlord as soon as possible after discovery. This reporting requirement has been removed from the proposed Residential Tenancies Regulations as it is already required under the RTA.

84 Given submitter concerns, MBIE's information and education campaign will contain information on landlord and tenant responsibilities for smoke alarms as well as guidance on the best locations for installing smoke alarms within rooms and advice on on-going maintenance. The material will also refer to advice on alarm installation that is available on the New Zealand Fire Service website and in alarm manufacturer's instructions.

### **Confirmation of other insulation and smoke alarm requirements**

85 In July 2015, Cabinet agreed to a number of other insulation and smoke alarm requirements which remain unchanged or only contain minor wording amendments and clarifications following the public consultation [SOC Min (15) 14/4 refers]. A comparison of the consultation proposal and the final policy settings for the regulations is attached at Appendix 1.

86 I propose that Cabinet approve these requirements as the final requirements to be prescribed into the Residential Tenancies Regulations as per the recommendations in this paper.

### **Public education and information campaign**

87 On 6 July 2015, Cabinet agreed to provide MBIE with funding to support the proposed amendments proposed in this paper through a public education and information

campaign plus industry guidelines [SOC Min (15) 14/4 refers]. This campaign will communicate the changes to landlords and tenants to inform them of the requirements and their new obligations under the Act.

- 88 A number of stakeholders, representing a mix of landlords, tenants and tenant advocacy groups, and building industry professionals, have identified enforcement as a potential issue with the proposed regulations. Many, mainly building industry professionals, suggested that installation of insulation should be professionally checked and certified. Others suggested there should be a random audit of installation of insulation in rental properties and/or that an education campaign should provide clear guidance to assist landlords. In general, the public feedback was that landlords should be required to provide evidence to tenants, upon request, that all insulation in their properties has been installed in accordance with the regulations.
- 89 I consider that these issues will be addressed by the landlord's disclosure of a property's insulation in the tenancy agreement. The provisions in the Bill around landlords making false declarations in tenancy agreements and the penalties for non-compliance with the regulations will act as a sufficient deterrent for landlords from either misleading tenants, or not meeting the requirements, without regulating that landlords need to provide further evidence of compliance with the requirements. For smoke alarms, tenants will be able to visually confirm the type of alarm, that they are installed properly, and are within the manufacturer's replacement period.
- 90 Tenants will also be provided with advice about their options should a property not meet the required insulation or smoke alarm requirements. Under the RTA, these include taking a case to mediation and/or the Tenancy Tribunal if tenants have concerns about the quality of the installations. A Tenancy Mediator can seek voluntary agreement between the tenant and landlord that the property will be brought up to the requirements. If agreed, mediators can issue a work order for the landlord to bring the insulation up to the requirements. Alternatively, if agreement cannot be reached at mediation, the Tenancy Tribunal can, if non-compliance is proven, issue a work order to the landlord to rectify any issues and also fine the landlord if they had provided misleading information in the tenancy agreement and for non-compliance with the requirements. The Bill also gives new powers to MBIE's Chief Executive to investigate issues and take action if it is in the public interest.
- 91 The information campaign will highlight the responsibilities landlords and tenants have under the new regulations regarding smoke alarms. Tenants will be reminded that it is an unlawful act to cause or permit any interference with, or render inoperative, any means of escape from fire within the meaning of the Building Act 2004, which includes smoke alarms. This carries a maximum penalty of \$3,000 which should be a sufficient penalty for deterring tenants from tampering with or removing smoke alarms or their batteries.

## **Consultation**

- 92 On 6 December 2015, MBIE publicly consulted on the proposed amendments to the Residential Tenancies Regulations. 202 submissions were received from: landlords (61), tenants (46), building industry professionals (32), property managers (14), tenancy advocates (6), health professionals (9), local government representatives (10) and others (24), including social housing providers (Community Housing Aotearoa and Housing New Zealand), church and Maori groups, Consumer New Zealand and a mix of firefighters, security industry professionals, an insurance company (AA NZ), a social

worker and others. Submitters' views have been taken into account when finalising the policy proposals in this paper.

93 The following departments were consulted on the proposals in this paper: the Ministry of Health, Ministry of Social Development (including the Office of Disability Issues), the Treasury, Te Puni Kōkiri, Ministry for Pacific Peoples, Ministry of Justice, Ministry of Education and the Department of Internal Affairs. The Accident Compensation Corporation, the Energy Efficiency and Conservation Authority, the New Zealand Fire Service and Housing New Zealand were also consulted.

94 The Department of the Prime Minister and Cabinet has been informed.

### Financial Implications

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s 9(2)(f)(iv)

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## Human Rights

- 99 The proposals in this paper appear to be consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993. A final view as to whether the proposals will be consistent with the Bill of Rights Act will be possible when the legislative changes are drafted.

## Legislative Implications

- 100 The proposals in this paper enable regulations to be created as provided by the proposed amendments to the Residential Tenancies Amendment Bill that is currently progressing through the House.
- 101 I seek Cabinet's authorisation to issue drafting instructions to the Parliamentary Counsel Office to give effect to the recommendations in this paper that will create the new regulations.

## Regulatory Impact Analysis

- 102 The Regulatory Impact Analysis requirements do not apply to the proposals in this paper as there are no significant policy changes from those previously agreed to, in principle, by Cabinet. The Regulatory Impact Analysis for the proposals in this paper was undertaken in June 2015 to inform Cabinet's decisions on the original policy changes [SOC Min (15) 14/4 refers].

## Gender Implications

- 103 The proposals in this paper have no gender implications.

## Disability Perspective

- 104 Disabled people, and families with disabled members, including children, have a critical need for housing that is safe and healthy. They are also more likely to live in rental housing (including boarding houses) due to low incomes. Where disabled people, including people with age-related disabilities, rent unsafe and inaccessible housing they are more likely to experience accidents and injuries. The insulation and smoke alarm requirements proposed in this paper will help to ensure that the needs of disabled people for safe and healthy housing are better met.

## Publicity

- 105 Subject to Cabinet's decisions on this paper, I propose to publicly announce the amendments to the Residential Tenancies Regulations in April 2016. This will provide landlords, tenants and other affected parties with as much time as possible to consider the implications of the changes and potentially implement them before the requirements come into effect on 1 July 2016.
- 106 Following my announcement, MBIE will undertake a public education and information campaign that will communicate the changes to landlords and tenants to inform them of their new obligations as well as issuing industry guidelines that will further advise on compliance and installation requirements. The information campaign will run between 2016 and 2020 to promote:

- 106.1 the new insulation and smoke alarm requirements for residential rental properties;
- 106.2 landlord and tenant rights, responsibilities and obligations;
- 106.3 provide information about existing property quality standards in the Housing Improvement Regulations 1947 and other enactments; and,
- 106.4 provide practical advice on insulation and smoke alarm installation, preventing dampness and mould in residential rental properties especially through ventilation.

## Recommendations

I recommend that the Committee:

- 1 **note** that, on 6 July 2015, Cabinet agreed:
  - 1.1 to a package of reforms for insulation, smoke alarms and other residential tenancy improvements to the Residential Tenancies Act 1986,
  - 1.2 that, from the following dates, residential rental premises must meet the insulation and smoke alarm requirements prescribed in regulations:
    - 1.2.1 1 July 2016: Housing New Zealand and Community Housing Provider tenancies where tenants pay an income related rent must meet the insulation requirements;
    - 1.2.2 1 July 2016: all residential rental premises covered by the RTA must meet the smoke alarm requirements; and,
    - 1.2.3 1 July 2019: all remaining residential rental tenancies covered by the RTA must meet the insulation requirements [SOC Min (15) 14/4 refers];
- 2 **note** that, on 2 November 2015, Cabinet agreed to the smoke alarm and insulation requirements as a basis for public consultation, with the final standards to be agreed by Cabinet in early 2016 following public consultation [Cabinet Minute CAB-15-MIN-0188.01 refers];
- 3 **note** that the Residential Tenancies Amendment Bill was introduced to Parliament on 3 December 2015, had its first reading on 8 December 2015, and is currently being considered by the Social Services Select Committee;
- 4 **note** that, on 6 December 2016, the Ministry of Business, Innovation and Employment publicly consulted on the proposed smoke alarm and insulation requirements and the public's feedback, where appropriate, has been incorporated into the proposals in this paper;

### *Insulation requirements*

- 5 **agree** that the following insulation requirements are to be prescribed in the Residential Tenancies Regulations:
  - 5.1 Ceiling insulation must cover all applicable habitable spaces (i.e. spaces used for daily activities); excluding spaces required around downlights and flues (another property immediately above counts as ceiling insulation provided that the

property above is insulated in accordance with the regulations). If insulation is currently installed, it must be in reasonable condition, and damaged or damp insulation must be replaced;

- 5.2 A suspended sub-floor must have underfloor insulation in reasonable condition, not damaged or damp, covering all applicable habitable spaces (a concrete slab counts as underfloor insulation, as does a garage or another property immediately below provided that the garage or property below is insulated in accordance with the regulations). If insulation is currently installed, it must be in reasonable condition, and damaged or damp insulation must be replaced;
- 5.3 All insulation retrofitted or installed in rental properties after 1 July 2016 must be installed in accordance with the New Zealand Standard Energy Efficiency - Installing Insulation in Residential Buildings (NZS4246:2006);
- 5.4 Insulation requirements are expressed using R-values rather than measurements;
- 5.5 From 1 July 2016, all social houses where the tenant pays an income related rent, and from 1 July 2019, all rental properties, must have ceiling and underfloor insulation that, at the time of installation, would have met or exceeded the 1978 Standard Permitted Combinations for Type A Construction (NZS4218P:1977);
- 5.6 Anyone retrofitting or installing insulation in a rental property from 1 July 2016 is to meet a level of insulation that is benchmarked on the current Building Code Acceptable Solutions for non-solid construction but is expressed as one minimum product R-value. This equates to ceiling insulation with a minimum value of R2.9 in the North Island excluding the central plateau or R3.3 in the South Island and Central Plateau. Underfloor insulation would be required at a minimum R value of 1.3 in all zones; and,
- 5.7 When retrofitted or installed in the ceiling, the combined R-value of the individual insulation products installed on top of each other must meet or exceed the requirements of the current Building Code Acceptable Solutions for non-solid construction but is expressed as one minimum product R-value. This equates to ceiling insulation with a minimum value of R2.9 in the North Island excluding the central plateau or R3.3 in the South Island and Central Plateau;

#### *Exclusions from insulation requirements*

6 **agree** that the following exclusions from the insulation requirements are to be prescribed in the Residential Tenancies Regulations:

- 6.1 Where it is not practical to retrofit insulation because of the physical design or construction of the property only until such time as access to these spaces becomes possible;
- 6.2 Where, within 12 months of the commencement of a tenancy, the landlord intends to demolish or substantially rebuild all or part of the property, and can provide evidence of having applied for the necessary resource consent and/or building consent for the redevelopment or building work; and,

- 6.3 A time-limited exemption (12 months from the date of purchase) from the date of purchase, where a property is purchased and immediately rented back to the former owner-occupier;

*Conductive insulation (foil) requirements*

- 7 **rescind** the following decision made by Cabinet on 2 November 2015 [CAB-15-MIN-0188.01 refers]:
- 4 *That the decision taken at SOC about incorrect installation, be amended to recognise the increased risks of incorrect installation by providing a requirement in the regulations that if a landlord wishes to install conductive foil insulation they must:*
- 4.1 *meet a standard (developed and administered by WorkSafe NZ) covering the safe installation of conductive foil insulation products;*
- 4.2 *ensure all electrical circuits where foil is to be installed are permanently protected by residual current devices;*
- 8 **note** that the Ministry of Business, Innovation and Employment's Chief Executive intends to use his powers, under section 26 of the Building Act 2004, to ban, as a building method, installing conductive insulation into a residential property with an existing electrical installation from 1 July 2016 and, prior to this decision being made, will publicly consult on whether a ban is appropriate and its form as required by the Building Act's provisions;
- 9 **agree** to prescribe in the Residential Tenancies Regulations that, in order to comply with the requirements from 1 July 2019, conductive insulation must not be installed in insulation retrofits of residential rental properties from 1 July 2016;
- 10 **invite** the Minister for Building and Housing to report back to SOC by 8 June 2016 on the outcomes of Ministry of Business, Innovation and Employment's public consultation on the proposed ban on installing conductive insulation into residential properties;
- 11 **note** that the Minister for Building and Housing intends to seek Cabinet approval by 30 June 2016 to:
- 11.1 amend the Building Code Acceptable Solution H1/AS1 to remove the use of conductive insulation in new and for retrofitting existing residential buildings; and,
- 11.2 publicly consult the proposed amendment from 1 July 2016 with a view to publishing a revised Acceptable Solution in 30 November 2016;

*Smoke alarm requirements*

- 12 **agree** that the following smoke alarm requirements, to be imposed on landlords unless otherwise stated, are to be prescribed in the Residential Tenancies Regulations:
- 12.1 There must be a minimum of one working smoke alarm in the hall or similar, within three metres of each bedroom door; and, in a self-contained caravan, sleep out or similar there must be a minimum of one working smoke alarm;
- 12.2 In multi-story units, there shall be at least one smoke alarm on each level within the household unit;

- 12.3 Long life photoelectric smoke alarms are required to be installed where there are no existing smoke alarms;
- 12.4 Hardwired smoke alarms are also acceptable;
- 12.5 Where there are existing smoke alarms, these are to be replaced by long life photoelectric smoke alarms when the existing alarms either become defective or stop working;
- 12.6 All smoke alarms must be replaced in accordance with the manufacturer's recommended replacement date stated on the alarm;
- 12.7 All new and replacement smoke alarms in rental properties are to be installed in accordance with placement requirements identified in the manufacturer's instructions;
- 12.8 Where smoke alarms are installed or replaced, they must comply, as a minimum, with the manufacture requirements contained in Australian Standard AS3786:1993, or an equivalent standard;
- 12.9 It is the landlord's responsibility to ensure the alarm is operational at the beginning of each new tenancy; and,
- 12.10 It is the tenant's responsibility to replace batteries (if required) during the tenancy.
- 13 **note** that these regulations do not override any additional compliance requirements for insulation or smoke alarms in other legislation e.g. that may apply to residential rental properties such as multi-unit residential complexes, student accommodation, or boarding houses;

#### *Drafting the regulations*

- 14 **authorise** the Minister for Building and Housing to make any further minor policy or technical decisions necessary to bring the regulations into effect by 1 July 2016;
- 15 **invite** the Minister for Building and Housing to issue drafting instructions to the Parliamentary Counsel Office to give effect to the recommendations in this paper;
- 16 **note** that the Residential Tenancies Regulations need to be Gazetted by 2 June 2016 to bring them into effect by 1 July 2016;

#### *Publicity*

- 17 **note** that, subject to Cabinet's decisions on the proposed amendments, the Minister for Building and Housing intends to publicly announce the amendments to the regulations in April 2016 to provide landlords, tenants and industry professionals with sufficient time to consider and comply with the requirements prior to the amendments coming into effect on 1 July 2016;
- 18 **authorise** the Ministry of Business, Innovation and Employment to place a copy of this paper and the minute of the Cabinet decision on its website;

- 19 **note** that the Ministry of Business, Innovation and Employment will support the proposed Residential Tenancies legislative amendments and regulations by undertaking a public education and information campaign that will communicate the changes to landlords, tenants and building industry professionals to inform them of their new obligations, as well as issuing industry guidelines that will advise them of compliance and installation requirements.

Authorised for lodgement

Hon Dr Nick Smith  
Minister for Building and Housing

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with the Official Information Act 1982

## Appendix 1: Residential Tenancies Regulations – Proposals and Amendments

Ref	Cabinet Decisions 1 July 2015 [SOC Min (15) 14/4] and 2 November 2015 [CAB-15-MIN-0188.01]	Amended Regulations (post consultation) <b>NOTE: All revisions are shown in bold.</b>
<b>1</b>	<b>Insulation – Thermal performance requirements</b>	
1.1	Ceiling insulation (minimum thickness of 70mm) must cover all applicable habitable spaces (i.e. spaces used for daily activities), excluding spaces required around downlights and flues (another property immediately above counts as ceiling insulation).	Ceiling insulation must cover all applicable habitable spaces (i.e. spaces used for daily activities), excluding spaces required around downlights and flues (another property immediately above counts as ceiling insulation <b>provided that the property above is insulated in accordance with the regulations</b> ). <b>If insulation is currently installed, it must be in reasonable condition, damaged or damp insulation must be replaced.</b>
1.2	A suspended sub-floor must have underfloor insulation in reasonable condition, covering all applicable habitable spaces (a concrete slab counts as underfloor insulation, as does a garage or another property immediately below).	A suspended floor must have underfloor insulation in reasonable condition, <b>not damaged or damp</b> , covering all applicable habitable spaces (a concrete slab counts as underfloor insulation, as does a garage or another property immediately below <b>provided that the garage or property below is insulated in accordance with the regulations</b> ). <b>If insulation is currently installed, it must be in reasonable condition, damaged or damp insulation must be replaced.</b>
1.3	Insulation requirements are expressed using R-values rather than measurements.	Insulation requirements are expressed using R-values rather than measurements <b>When retrofitted or installed in the ceiling, the combined R-value of the individual insulation products installed on top of each other must meet or exceed the requirements of the current Building Code Acceptable Solutions for non-solid construction but is expressed as one minimum product R-value. This equates to ceiling insulation with a minimum value of R2.9 in the North Island excluding the Central Plateau or R3.3 in the South Island and Central Plateau.</b>
1.4	From 1 July 2016, all social houses where the tenant pays an Income Related Rent, and from 1 July 2019, all rental properties, must have ceiling and underfloor insulation that, at the time of installation, would have met or exceeded the 1978 standard (NZS 4218P: 1977).	From 1 July 2016, all social houses where the tenant pays an income related rent, and from 1 July 2019, all rental properties, must have ceiling and underfloor insulation that, at the time of installation, would have met or exceeded the <b>1978 Standard Permitted Combinations for Type A Construction (NZS4218P:1977)</b> .
1.5	Anyone repairing or retrofitting insulation in a rental property from 1 July 2016 is to meet a level of insulation that is benchmarked on the current Building Code Acceptable Solutions for non-solid construction but is expressed as one minimum product R value. This equates to ceiling insulation with a minimum value of R2.9 in the North Island excluding the Central Plateau or R3.3 in the South Island and central plateau. Underfloor insulation would be required at a minimum R value of 1.3 in all zones.	Anyone retrofitting <b>or installing</b> insulation in a rental property from 1 July 2016 is to meet a level of insulation that is benchmarked on the current Building Code Acceptable Solutions for non-solid construction but is expressed as one minimum product R-value. This equates to ceiling insulation with a minimum value of R2.9 in the North Island excluding the Central Plateau or R3.3 in the South Island and Central Plateau. Underfloor insulation would be required at a minimum R-value of 1.3 in all zones.
<b>2</b>	<b>Insulation – Installation requirements</b>	
2.1	N/A	<b>All insulation retrofitted or installed in rental properties after 1 July 2016 must be installed in accordance with the New Zealand Standard Energy Efficiency - Installing Insulation in Residential Buildings (NZS4246:2006)</b>
2.2	If a landlord wishes to install electrically conductive (foil) insulation they must: <ol style="list-style-type: none"> <li>1. Meet a standard (developed and administered by WorkSafe NZ) covering the safe installation of conductive foil insulation products;</li> <li>2. Ensure all electrical circuits where foil is to be installed are permanently protected by residual current devices.</li> </ol>	<b>MBIE's Chief Executive uses his powers, under section 26 of the Building Act 2004, to ban, as a building method, installing conductive insulation into a residential property with an existing electrical installation from 1 July 2016.</b> <b>In order to comply with the requirements from 1 July 2019, conductive insulation must not be installed in ceilings or under floors for insulation retrofits of residential rental properties from 1 July 2016.</b>

DRAFT/ NOT GOVERNMENT POLICY/ IN-CONFIDENCE

Ref	Cabinet Decisions 1 July 2015 [SOC Min (15) 14/4] and 2 November 2015 [CAB-15-MIN-0188.01]	Amended Regulations (post consultation) <b>NOTE: All revisions are shown in bold.</b>
<b>3</b>	<b>Insulation - Exclusions from insulation requirements</b>	
3.1	Where it is not practical to retrofit insulation because of the physical design of the property.	Where it is not practical to retrofit insulation because of the physical design <b>or construction</b> of the property <b>only until such time as access to these spaces becomes possible</b> .
3.2	Where, within 12 months of the commencement of a tenancy, the landlord intends to demolish or substantially rebuild all or part of the property, <u>and</u> can provide evidence of having applied for the necessary resource consent and/or building consent for redevelopment or building work.	Where, within 12 months of the commencement of a tenancy, the landlord intends to demolish or substantially rebuild all or part of the property, <u>and</u> <b>must, upon request</b> , provide evidence of having applied for the necessary resource consent and/or building consent for redevelopment or building work.
3.3	A time-limited exemption (12 months) where a property is purchased and immediately rented back to the former owner-occupier.	A time-limited exemption (12 months <b>from the date of purchase</b> ), where a property is purchased and immediately rented back to the former owner-occupier.
<b>4</b>	<b>Smoke Alarms</b>	
4.1	There must be a minimum one working smoke alarm in the hall or similar, within three metres of each bedroom door, and in a self-contained caravan, sleep out or similar there must be a minimum of one working smoke alarm.	There must be a minimum of one working smoke alarm in the hall or similar, within three metres of each bedroom door; and, in a self-contained caravan, sleep out or similar there must be a minimum of one working smoke alarm. <b>All new and replacement smoke alarms in rental properties are to be installed in accordance with the placement requirements identified in the manufacturer's instructions.</b>
4.2	It is the landlord's responsibility to ensure the alarm is operational at the beginning of each new tenancy, and the tenant's responsibility to replace batteries (if required) during the tenancy, and report defective smoke alarms to the landlord.	It is the landlord's responsibility to ensure the alarm is operational at the beginning of each new tenancy. It is the tenant's responsibility to replace batteries (if required) during the tenancy.
4.3	Long life (ten year) alarms are required to be installed where there are no existing alarms.	Long life <b>photoelectric smoke</b> alarms are required to be installed where there are no existing alarms.
4.4	Hardwired smoke alarms are also acceptable.	Hardwired smoke alarms are also acceptable.
4.5	Where there are existing alarms, these are to be replaced by long life alarms at the end of the life of the existing alarm.	Where there are existing <b>smoke</b> alarms, these are to be replaced by long life <b>photoelectric smoke</b> alarms <b>when the existing alarms either become defective or stop working</b> . <b>All smoke alarms must be replaced in accordance with the manufacturer's recommended replacement date stated on the alarm.</b>
4.6	In multi-storey units, there shall be at least one smoke alarm on each level within the household unit.	In multi-storey units, there shall be at least one smoke alarm on each level within the household unit.
4.7	Where smoke alarms are installed or replaced, they must comply with the manufacture requirements contained in Australian Standard AS 3786:1993 or equivalent.	Where smoke alarms are installed or replaced, they must, <b>as a minimum</b> , comply with the manufacture requirements contained in Australian Standard AS3786:1993 <b>or an equivalent standard</b> .

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