



PRESS RELEASE

For Immediate Release

CBS Co-operative Responds to New Mandatory Building Warranty & Insurance Reforms

Christchurch, New Zealand — Combined Building Suppliers Co-operative (CBS), representing more than 2,000 small and medium-sized builders across New Zealand, acknowledges the Government's newly announced reforms requiring **compulsory home building warranties** and **mandatory professional indemnity (PI) insurance** for key industry professionals under the upcoming changes to the Building Act.

CBS CEO **Carl Taylor** says the reforms represent a major structural shift for the sector and will lift both accountability and consumer protections.

"These changes are significant and, in principle, they move the industry toward a more balanced and fair liability model. Homeowners deserve confidence that defects will be addressed, and builders deserve a system where responsibility is clearly apportioned," says Taylor.

However, CBS has also raised a critical concern about how the reforms may be implemented.

Risk of a New Insurance Monopoly

Taylor warns that the reforms could unintentionally create another **market monopoly**, particularly if only one or two large warranty or insurance providers become effectively mandated through government registration.

"We are concerned that this could simply replace one problem with another. If only a very small number of providers are approved, it risks creating a monopoly or duopoly that would dictate pricing and terms," he says.

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Not All Builders Belong to the Traditional Organisations

Taylor also notes that the majority of New Zealand's builders **do not belong** to organisations such as Master Builders or Certified Builders, which currently dominate the warranty market.

“Thousands of independent builders—many of whom are exceptionally high-quality operators—choose not to join these groups for various reasons. The new regime must ensure there are accessible, competitive warranty options that don't force builders into associations they don't wish to join,” he says.

CBS is calling for **open access, fair competition, and transparent criteria** for warranty providers to prevent a bottleneck in supply or price-setting behaviour that would ultimately hurt consumers, builders, or both.

Impact on Builder Operations and Client Costs

CBS expects builders will need to adjust quoting, documentation, and quality-assurance processes to meet stricter compliance obligations. While the article estimates current warranties cost roughly 0.5% of the build price, Taylor warns that limited provider competition could push prices higher.

“Builders are already battling cost escalation across multiple fronts. If mandatory warranties are introduced without competitive provider options, it becomes another financial strain on both builders and homeowners,” says Taylor.

CBS Position: Supportive of Reform, Cautious About Execution

Taylor says CBS supports the intention behind the reform but stresses that **implementation must protect competition**, support independent builders, and avoid creating new structural barriers.

“We support the objective, but the Government must ensure these reforms don't advantage only a handful of organisations or providers. Any builder who meets the required standard should have access to fair, affordable, independent warranty solutions,” he says.

About CBS Co-operative

Combined Building Suppliers Co-operative (CBS) is New Zealand's largest independent building-industry co-operative, representing more than 2,000 builders, tradespeople, and property professionals nationwide. CBS negotiates trade-level pricing, rebates, and services across more than 30 national supply partners, helping members build stronger, more resilient businesses.

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About CBS Cooperative:

The Combined Building Supplies (CBS) Cooperative is a New Zealand-based organization that leverages the collective purchasing power of its members in the construction industry to secure significant discounts on building materials. By uniting over 2,000 builders, electricians, plumbers, painters, and other construction tradies, CBS enables its members to access discounts ranging from 5% to 50% across a network of over 30 suppliers nationwide.

For more information, please visit: www.cbscoop.co.nz

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