

**BUILDING
PERFORMANCE**

Improving efficiency in the inspection process

Increasing the use of Remote Inspections
and Accredited Organisations

SEPTEMBER 2024



MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Te Kāwanatanga o Aotearoa
New Zealand Government



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HĪKINA WHAKATUTUKI

Ministry of Business, Innovation and Employment (MBIE) Hīkina Whakatutuki – Lifting to make successful

MBIE develops and delivers policy, services, advice and regulation to support economic growth and the prosperity and wellbeing of New Zealanders.

DISCLAIMER

This document is a guide only. It should not be used as a substitute for legislation or legal advice. The Ministry of Business, Innovation and Employment is not responsible for the results of any actions taken on the basis of information in this document, or for any errors or omissions.

ONLINE: ISBN 978-1-991316-13-4

SEPTEMBER 2024

©Crown Copyright

The material contained in this report is subject to Crown copyright protection unless otherwise indicated. The Crown copyright protected material may be reproduced free of charge in any format or media without requiring specific permission. This is subject to the material being reproduced accurately and not being used in a derogatory manner or in a misleading context. Where the material is being published or issued to others, the source and copyright status should be acknowledged. The permission to reproduce Crown copyright protected material does not extend to any material in this report that is identified as being the copyright of a third party. Authorisation to reproduce such material should be obtained from the copyright holders.

How to have your say

Submissions process

MBIE seeks written submissions on this discussion paper by Friday 1 November 2024.

Your submission may respond to any or all of the questions in the discussion document (noting that questions 16-21 are for building consent authorities and Accredited Organisations (Building)).

Please provide comments and reasons explaining your choices. Where possible, please include evidence to support your views, for example references to independent research, facts and figures, or relevant examples.

Your feedback will help to inform decisions on options that should be progressed, the detailed design of those options, and whether other options require further consideration.

Please respond to the questions by using the submission form which is located on [MBIE's Have Your Say page](#) or by using the [online survey form](#). This will help us to collate submissions and ensure that your views are fully considered.

You can submit the form by 5pm, Friday 1 November 2024 by:

- Sending your submission as a **Microsoft Word document** to building@mbie.govt.nz
- Mailing your submission to:

Consultation: Remote inspections
Building System Performance
Building, Resources and Markets
Ministry of Business, Innovation and Employment
PO Box 1473

Wellington 6140
New Zealand

Please include your contact details in the cover letter or e-mail accompanying your submission.

Please direct any questions regarding this consultation to building@mbie.govt.nz.

Use of information

The information provided in submissions will be used to inform MBIE's policy development process and will inform advice to Ministers. We may contact submitters directly if we require clarification of any matters in submissions.

Release of information on MBIE website

MBIE may publish a list of submitters on www.mbie.govt.nz and will consider you have consented to this, unless you clearly specify otherwise in your submission.

Release of information under the Official Information Act

The *Official Information Act 1982* specifies that information is to be made available upon request unless there are sufficient grounds for withholding it. If we receive a request, we cannot guarantee that feedback you provide us will not be made public. Any decision to withhold information requested under the OIA is reviewable by the Ombudsman.

Please clearly mark which parts you consider should be withheld from official information act requests, and your reasons (for example, privacy or commercial sensitivity).

MBIE will take your reasons into account when responding to requests under the *Official Information Act 1982*.

Personal information

The Privacy Act 2020 establishes certain principles with respect to the collection, use and disclosure of information about individuals by various agencies, including MBIE. Any personal information you supply to MBIE in the course of making a submission will only be used for the purpose of assisting in the development of policy advice. Please clearly indicate if you do not wish your name, or any other personal information, to be included in any summary of submissions that MBIE may publish.

Minister's Foreword

Minister for Building and Construction, Hon Chris Penk

The Government is focussed on increasing the supply of affordable homes for New Zealanders. To help achieve this, I am committed to improving efficiency and competition in the building regulatory system, reducing barriers and driving down costs.



Building inspections play an important role in checking that building work is carried out according to the consent and that New Zealand buildings are healthy, safe and durable. However, waiting for an on-site inspection can sometimes take too long, impacting on the time and cost to build.

Remote inspections provide an opportunity to reduce delays by eliminating the need for inspectors to travel and allowing more inspections to be carried out each day. They also increase flexibility in the workday of inspectors and building professionals and enable inspectors to carry out inspections in other regions, improving overall capacity and capability across the country.

Some building consent authorities are already using remote inspection approaches and are reaping the benefits of greater productivity and efficiency. While this is a good start, uptake is still fairly low, and practices are inconsistent across the country.

This discussion documents seeks feedback from stakeholders on a range of options to increase the uptake of remote inspections and lift efficiency in the inspection process, including an option to require that remote inspections be used as the default approach.

I am mindful that some people may be concerned that not all building work is suitable for remote inspections. To make sure we strike the right balance, it is important to get feedback from a wide range of submitters on the options in this paper.

As the Minister responsible for Building and Construction, I am pleased to present this discussion document for public consultation.

Introduction

Increasing the supply of housing is a top priority for the Government. One way to support this is to make the building consent system faster, easier, and cheaper to use.

Housing affordability is a key issue in Aotearoa New Zealand

Aotearoa New Zealand has some of the least affordable housing in the world¹. Home ownership dropped from 74% in the 1990s to 65% in 2018². Over the 12 months to June 2023, average housing costs per week increased 14.5%. Data from 2023 illustrates that over a quarter of households that do not own their home now spend more than 40% of their income on housing³.

Regulatory barriers increase the time and cost to build new houses

Building costs are high and have cumulatively risen 41.3 per cent since 2019⁴; it is about 50 per cent more expensive per square meter to build a standalone house in Aotearoa New Zealand than in Australia⁵.

Construction data from Stats NZ shows that it takes around 569 days on average for a home to be built and receive a code compliance certificate after it receives a building consent. Homes consented in the June 2022 quarter took, on average, over 16 months to reach final inspection (up from 14 months in the June 2021 quarter) and a further two months to receive a code compliance certificate⁶.

Poor coordination and sequencing of trades on-site has a significant impact on build times and increases the risk of defects (which can add more time due to the need for rework). Added to this are regulatory delays including processing minor (or major) variations and delays waiting for inspections.

These delays increase the cost of a build project and reduce the sector's capacity to supply affordable housing.

There is a range of work underway to improve the building consent system

The inspection process is only a part of the overall time it takes to build and there are wider opportunities to make the sector more productive. Table 1 below sets out the work MBIE is doing to improve the consent system and make it easier and cheaper to build. The policy proposals in this document relate to the first point in the table. They aim to make inspection processes more efficient and reduce wait times for inspections.

¹ OECD (2020) How's Life? 2020: Measuring Well-being. OECD Publishing, Paris

² Statistics New Zealand (2020) Census data from Housing in Aotearoa.

³ Statistics New Zealand (2023) [Household income and housing-cost statistics: Year ended June 2023](#)

⁴ This represents the cumulative increase since Q4 of 2019. This mostly occurred in 2021 and 2022.

⁵ The average cost per square metre to build in New Zealand includes demolition costs and 15% GST, whereas the Australian figures exclude demolition costs and includes 10% GST.

⁶ [Experimental indicators show longer building timeframes | Stats NZ](#)

Table 1: Programme of work to streamline the building consent system

- **Public consultation on increasing the uptake of remote inspections (this discussion document)**
- Regulations to clarify the definition of ‘minor variation’ to make substituting products more predictable and consistent
- Defining ‘minor customisation’ for MultiProof to allow minor design changes without voiding a certificate
- Removing regulatory barriers for using overseas building products and requiring councils to accept products that meet international standards
- Public consultation on making it easier to build ‘granny flats’ up to 60 square metres
- Recognising producer statements to reduce the amount of checking that building consent authorities need to do
- Requiring councils to submit data on timelines for building consents and code compliance certificates every quarter, which is published on MBIE’s website
- Changes to *Building (Accreditation of Building Consent Authorities) Regulations 2006* to enable more time to focus on consenting, inspecting, and code compliance certificates (commenced June 2024)

Outcomes and criteria

The primary objective of the options in this paper is to improve the efficiency and timeliness of building inspection processes to make it easier, cheaper, and faster to build.

We also understand the importance of balancing regulation with the need to facilitate a productive building and construction sector and ensuring that changes do not have a detrimental effect on the quality of Aotearoa New Zealand’s housing and building stock.

The primary focus of the building control system is ensuring buildings are healthy, safe and durable, and that buildings are built right the first time.

We want the system to be agile and responsive to changes in the way New Zealanders build while also avoiding defects and building failure that can be stressful and costly to address. To this end, government intervention in the building consent system should seek to achieve the four outcomes described below:

- System is efficient: the implementation costs of option(s) are minimised to ensure costs do not outweigh the benefits.
- Roles and responsibilities are clear: the option(s) do not make the system more complex and ensure that liability falls on those best able to identify and manage risk.
- Requirements and decisions are robust: the option(s) do not increase the risk of defects.
- System is responsive to change: the option(s) allow for flexibility and innovation in how parties comply and improve the ability of the system to respond and adapt, including to any future system.

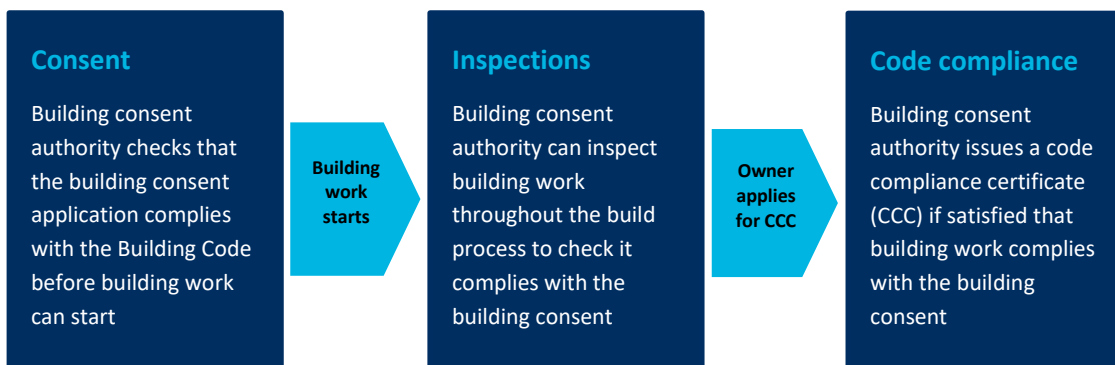
We want to implement the best option(s). The best options will be those that achieve the greatest reduction in cost and time to build, and greatest improvement in ease of building, while meeting the four system outcomes.

Question about the proposed criteria

1. Do you agree these are the right outcomes/criteria to evaluate the options? Are there any others that should be considered?

Legislative context

The *Building Act 2004* (the Building Act) is the primary legislation governing the building industry in Aotearoa New Zealand and provides the framework for the building consent process, which is outlined in the diagram below. These steps add time and cost, but they give building owners, tenants, banks, and insurers confidence in the quality of the building work.



Increasing the uptake of remote inspections

There are currently no requirements in the Building Act for building consent authorities to undertake inspections. However, the Act entitles them to undertake inspections to be satisfied on reasonable grounds that building work complies with the building consent, in order to issue a code compliance certificate. The *Building (Accreditation of Building Consent Authorities) Regulations 2006* require building consent authorities to have policies and procedures for planning, performing and managing inspections⁷.

The use of remote inspections in the building and construction sector is relatively recent. While COVID-19 lockdowns caused a spike in the use of remote inspections, levels of uptake still vary across the country, with some building consent authorities regularly using remote inspections, while others do not use them at all.

Practices also vary, with building consent authorities taking their own approach to the types of building work and the building professionals they consider appropriate for remote inspections.

MBIE recently published guidance⁸ to assist building consent authorities to make informed decisions when adopting remote inspection technology and to inform the sector on what to expect from different remote inspection approaches. It is too early at this stage to assess what impact this guidance will have. However, it is likely that without further intervention, uptake will remain low and practices across the country will continue to vary. This could mean long wait times for in-person inspections when construction activity picks up again.

The opportunity and benefits of remote inspections

Remote inspections can make it easier, faster and cheaper to build by enabling building consent authorities to carry out more inspections per day, which can reduce inspection wait times due to greater availability of inspection slots. This, in turn, helps reduce on-site delays so building work can progress at greater pace.

The **main benefits** of remote inspections are increased efficiency and productivity through:

- reducing the need for inspectors to travel to site, eliminating unproductive time and the need for logistical planning. This is particularly beneficial where there are long distances or congestion
- greater convenience, flexibility and timeliness for inspectors and builders⁹, as inspections can be conducted at agreed times once building work is ready
- the ability for inspectors to carry out inspections in other districts, which supports increased capacity and capability across the country.

Remote inspections can also reduce emissions due to reduced travel and can support good record keeping practices.

⁷ Building consent authorities can use other tools to confirm compliance with the consent, such as inspections by third parties and producer statements (e.g., PS 3 – Construction and PS 4 – Construction Review). These are professional opinions based on sound judgement and specialist expertise.

⁸ <https://www.building.govt.nz/assets/Uploads/building-officials/guides/remote-inspection-guidance-for-building-consent-authorities.pdf>

⁹ In the context of this document, the term ‘builder’ refers to any person who works on a building site (i.e., from any trade/profession, whether licensed or not).

Reduction in on-site inspections for a simple residential build

The number of on-site inspections for a simple residential build* can potentially be reduced from around 12 to two or three through the use of remote inspections. This can save considerable travel time and improve flexibility and timeliness for inspectors and builders, helping to reduce overall build times and costs associated with delays.

**Standalone house on flat ground with a concrete floor and one type of cladding.*

There are different ways to conduct remote inspections

There are two main approaches to remote inspections – real-time and evidence-based. While both approaches can be suitable for assessing compliance, there may be differences in how they are being used across the country.

Main approaches to remote inspections:

Real time remote (live video stream):

An inspector directs the building professional around the site during a video call. The inspector can zoom in and out and capture images at key points to assess compliance. Real time is similar to an on-site inspection, with the inspector recording decisions and reasons for decisions on the inspection checklist as the inspection progresses.

Evidence-based:

Building professionals upload photo/video evidence of building work to council or third-party systems and the inspector assesses for compliance soon after upload. This approach is well suited to lower risk work, re-inspections, and for use with trusted builders with low failure rates. Quality imagery is required along with clear requirements from the inspector on what will be accepted as evidence.

How are remote inspections currently being used overseas?

Most overseas jurisdictions use remote inspections for lower risk work and allow regulators discretion on when to use them. They are seen as particularly beneficial where there are large distances to cover.

The Australian state of Victoria requires mandatory inspections to be done on site, while non-mandatory ones can be remote if suitable. In the UK, USA, and Canada, on-site inspections are the standard approach. Remote inspections may be used for minor building work, and inspectors have discretion on when a remote inspection is appropriate. In the USA, customers can request a remote inspection.

Question about the opportunity/benefits of remote inspections

2. Do you agree with our description of the opportunity (i.e., benefits) of increasing the uptake of remote inspections? Are there any other benefits? Please explain.

Questions for builders/sector

3. What savings and costs have you experienced with remote inspections? Do they differ depending on whether a remote inspection is real time or evidence-based?
4. Do you have any concerns about taking part in remote inspections (whether real time or evidence-based)?

Barriers to uptake of remote inspections

MBIE understands that the main barriers to greater uptake of remote inspections across building consent authorities include:

- Costs to building consent authorities to establish systems, technology, and training.
- Time for both building consent authorities and the sector to become confident with using the technology.
- Questions around the suitability of some building work to be inspected remotely, such as where physical testing is required (e.g., moisture testing) or for complex work.
- Perceptions that it might be harder to detect non-compliant work when inspecting remotely.

Risks of remote inspections

When MBIE consulted on the building consent system in 2023¹⁰, submitters expressed mixed views on remote inspections. Some submitters identified liability risks and suggested remote inspections should only be used for certain purposes with proper controls and standards to prevent misuse.

Key risks of remote inspections include:

- **Building safety and performance:** navigating sites remotely can be a disorienting experience and inspectors could miss non-compliant work, leading to defects. Consequent building performance issues may result in potential financial, health, and safety harms to owners and users.
- **Dishonest practices:** some people may take advantage of remote inspection approaches to hide non-compliant work, leading to potential defects.
- **Liability concerns:** any increased risk of defects arising from a remote inspection could also increase the risk of liability claims against building consent authorities.
- **Trust in build quality:** confidence in the quality of buildings that have been inspected remotely may reduce, which could make them harder to finance, insure, or sell.

The options presented in the next section include mitigations to address key risks. Further risk mitigation and implementation needs will be considered for any options that are progressed,

¹⁰ [Building consent system review: options paper consultation \(2023\) | Ministry of Business, Innovation & Employment \(mbie.govt.nz\)](https://www.mbie.govt.nz/building-consent-system-review-options-paper-consultation-2023)

including ensuring that occupational regulation¹¹ and consumer protection measures are fit for purpose.

Questions about barriers and risks

5. Do you agree these are the main risks associated with increasing the use of remote inspections? Are there any other risks that should be considered? If yes, please explain.
6. Are current occupational regulation and consumer protection measures fit for purpose to manage risks associated with higher uptake of remote inspections? If not, what changes would be required?

Section One: Options to increase the uptake of remote inspections and improve efficiency of inspection processes

The Ministry of Business, Innovation and Employment (MBIE) has identified four options to improve efficiency and timeliness in the inspection process, primarily through measures to increase the uptake of remote inspections. Appendix 1 summarises these options and provides an initial assessment of the potential costs, benefits, and risks. The options are:

- **Option One: Review remote inspection guidance, address failure rates and/or publish wait times (non-regulatory).**
- **Option Two: Require building consent authorities to have the systems and capability to conduct remote inspections.**
- **Option Three: Require building consent authorities to use remote inspections as the default approach to conducting inspections.**
- **Option Four: Create a new offence to deter deceptive behaviour (stand-alone or complementary option).**

Building consent authority duty of care would remain unchanged under all of the above options.

Option One: Review remote inspection guidance, address failure rates and/or publish wait times (non-regulatory)

MBIE published remote inspection guidance in July 2024. MBIE will monitor its impact and if necessary, review and update it. For example, guidance could be made more directive and detailed around what building work should be inspected remotely and how remote inspections should be performed.

Inspection failures impact building consent authority efficiency and timeliness due to time spent on re-inspections. Rework as a result of failed inspections also add time and cost to a build. MBIE recently began monitoring building consent and code compliance certificate timeframes. Identifying common causes of inspection failures and developing options to reduce these (e.g., guidance and training for the sector, public reporting on causes of

¹¹ Occupational regulation ensures that professionals are competent and accountable for their work.

inspection failures) could support more efficient use of inspection resources, and improved sector productivity due to less time on rework.

Alongside this, MBIE could collect and publish data on inspection wait times across building consent authorities and/or set targets, to encourage building consent authorities to implement actions to ensure more timely inspections.

Option Two: Require building consent authorities to have the systems and capability to conduct remote inspections

To be accredited, a building consent authority must meet the criteria of the *Building (Accreditation of Building Consent Authorities) Regulations 2006*. This includes a requirement to have policies and procedures for planning, performing and managing inspections.

These regulations could be amended to require building consent authorities to have the systems and capability (as well as policies and procedures) to conduct inspections remotely.

Under this option, building consent authorities would retain discretion on when they inspect remotely.

Building consent authorities would be encouraged to update their policies and procedures ahead of amendments to regulations to enable smooth implementation (i.e., to allow time to familiarise with remote inspections and stagger investment in training and technology).

Option Three: Require building consent authorities to use remote inspections as the default approach to conducting inspections

This option would amend the Building Act to require building consent authorities to use remote inspections as the default approach for carrying out certain inspections.

Regulations could specify the inspection types or criteria for which inspections should be carried out remotely. To manage the risk that an inspector could miss a crucial element during a complex remote inspection, the requirement to use remote inspections could initially focus on lower risk building work or inspections such as plumbing and/or elements of single level builds, re-inspections, and inspection types with low failure rates. This could be expanded over time, as technology improves, and building consent authorities and the sector become more confident and skilled in the use of remote inspection tools.

There would be further consultation on the details of any proposed regulations.

Some exclusions from the default requirement may be needed, including when:

- there is poor internet connectivity at the inspection site
- there is poor lighting or adverse weather that may impair video/photo quality
- the inspector and/or builder deem it necessary to conduct an on-site inspection to ensure critical details are not missed
- a building professional has previously been deceptive or regularly failed inspections
- building work is being carried out by an individual with an Owner-Builder Exemption¹².

¹² This exemption means you do not need to be or use a licensed building practitioner for any restricted building work. A building consent is still required, and work must comply with the Building Code. The criteria to qualify for the exemption are detailed at: [Owner-builder obligations | Building Performance](#).

Inspectors would also retain the ability to follow up with an on-site inspection if they were not able to be satisfied using remote inspection tools that the building work was carried out in accordance with the consent¹³.

Option Four: Creating a new offence to deter deceptive behaviour (stand-alone or complementary option)

Note: this option could be implemented as a stand-alone change or in combination with other options (i.e., Option One, Two, or Three)

Building consent authorities have expressed concern that it may be easier to hide or disguise non-compliant work during a remote inspection. Some people may take advantage of this and deliberately hide, disguise, or otherwise misrepresent building work (eg provide images of other completed building work), to pass an inspection. This would increase the risk of non-compliant work going undetected. Any consequent building defects would negatively impact building owners and could draw building consent authorities into liability claims.

Some building consent authorities have managed this risk by limiting the use of remote inspection tools to trusted builders with a good track record of passing inspections.

However, if building consent authorities are required to use remote inspections by default, the likelihood of dishonest behaviour may increase. To mitigate this risk, a new offence could be created to target deceptive behaviour during a remote inspection. *The offence relates specifically to deliberate actions to hide, disguise, or otherwise misrepresent non-compliant building work.*

Because this behaviour could lead to significant negative health, safety, and financial harm, MBIE proposes the offender would be liable on conviction to a maximum fine of \$50,000 for an individual and \$150,000 for a body corporate or business. This aligns with similar offences and fines under the Building Act.

¹³ Section 90 of the Building Act also enables on-site inspections at any time, including for the purposes of spot checks.

Questions about options to increase the uptake of remote inspections and improve efficiency of inspection processes

All options

7. Which option(s) do you prefer? Please explain why by commenting on the benefits, costs, and risks compared to other options.
8. Are there any other options we should consider?

Option One

9. What can be done to help reduce inspection failure rates?

Option Three

10. What inspections could generally be conducted remotely with confidence?
11. Are there any inspections that should **never** be carried out remotely (e.g., based on the type of inspection or building category)? Please explain why.
12. Do you agree with the proposed exclusions under Option Three? Is there anything else that should be added to this list?

Option Four

The offence relates specifically to 'deliberate actions to hide, disguise, or otherwise misrepresent non-compliant building work'.

13. If a new offence were to be created, does the above description sufficiently capture the offending behaviour? If not, is there anything else that should be considered?
14. Would the maximum penalty of \$50,000 for individuals and \$150,000 for a body corporate or business be a fair and sufficient deterrent?
15. Are there any other ways to discourage deceptive behaviour besides creating an offence?

Questions for Building Consent Authorities and Accredited Organisations

16. What percentage of inspections do you carry out remotely?

17. What are the main things preventing you from using remote inspections, or using them more often? Please explain.

18. Please briefly outline your policy regarding when, how and with whom you use remote inspections. In what circumstances do (or would) you use real time remote inspections versus evidence-based? Do you prefer one method (real time or evidence-based) over the other? Please explain why with reference to benefits, costs and risks.

19. We want to know about building consent authority costs and savings (actual or anticipated) in establishing remote inspection technology and processes.

What are your actual or projected costs from undertaking remote inspections?

Training

\$

IT Expenses

\$

Additional staff

\$

Other

\$

What are your actual or projected savings from undertaking remote inspections?

Travel and vehicle

\$

Ability to do more inspections per day

\$

Reduced staffing costs

\$

Other

\$

Please also provide any data and/or estimates on travel and emissions reductions achieved through the use or potential use of remote inspections. Please include any assumptions or qualifiers. Relevant attachments can be emailed along with your submission to building@mbie.govt.nz

20. Considering the actual or anticipated costs of establishing remote inspection capabilities, how long has it taken (or do you expect it to take) to see a return on investment? Do you anticipate that you will be able to reduce inspection charges for remote inspections?

21. What factors would you consider in pursuing a prosecution for the deceptive behaviour described in Option 4?

Section Two: Increasing inspection capacity through the use of Accredited Organisations (Building)

This section seeks general feedback on increasing the use of Accredited Organisations (Building) to undertake inspections.

Many building consent authorities already use private organisations to undertake consent processing on their behalf, including organisations that have gained accreditation under the *Building (Accreditation of Building Consent Authorities) Regulations 2006*¹⁴. Some building consent authorities also contract private organisations to carry out inspections, including remote inspections.

Some submitters on the Review of the Building Consent System suggested private companies should be more easily enabled to process consents or conduct inspections, provided they are qualified and have insurance. There is scope for building consent authorities to make more use of Accredited Organisations (Building) to carry out inspections on their behalf.

Alternatively, the Building Act could be amended to effectively enable owners (e.g., developers) to directly engage Accredited Organisations (Building) to undertake inspections.

Currently, when applying for a building consent, the owner or their agent may propose some checks of the building work to be carried out by specialists engaged directly by the owner, such as chartered professional engineers. However, it is not current practice for an owner to directly engage third party specialists to carry out scheduled inspections that would usually be done by a building consent authority¹⁵.

Accredited Organisations (Building) are already required to meet the same criteria and standards as a building consent authority and are subject to regular audits. However, there are a number of issues that would need to be addressed to effectively enable owners to engage them directly. These issues and potential mitigations are set out in the table below.

¹⁴ Private organisations can be accredited under the *Building (Accreditation of Building Consent Authorities) Regulations 2006* and can process building consent applications on behalf of building consent authorities. However, if they have chosen not to register as a building consent authority, they cannot grant building consents – the final decision remains the responsibility of the registered building consent authority to which the building consent application was made. These private organisations are often referred to as Accredited Organisations (Building), or AO(B)s.

¹⁵ Such as drainage, pre-wrap, pre-clad, pre-line, post-line, pre-roof.

Table 2: Potential mitigations to enable owners to contract Accredited Organisations (Building) to carry out inspections	
Issue	Mitigation
Building consent authorities may not be confident to issue code compliance certificates on the basis of third-party inspections	Building consent authorities would need to be able to rely on the inspection reports provided by Accredited Organisations (Building). The form and content of these reports would likely need to be prescribed.
Building consent authorities may be concerned about being held liable due to the negligence of another party	The building consent authority could be protected from liability if it relied on third party inspection reports in good faith. Accredited Organisations (Building) would need to pass an adequate means assessment to ensure they can cover any civil liabilities that arise in relation to inspections undertaken. This requirement would likely increase costs to the Accredited Organisation (Building), which would likely be passed on to the consumer.
Third-party inspectors may not report on issues that are not directly relevant to the scheduled inspection	Mandatory disclosure requirements could be placed on Accredited Organisations (Building) to inform building consent authorities of any concerns or compliance issues they notice during an inspection.
Oversight of the build may be reduced if inspections are carried out by multiple entities	Limits could be placed on the number of inspectors or Accredited Organisations (Building) that can be engaged during a project to ensure continuity and consistency across the inspection schedule.

Questions about increasing the use of Accredited Organisations (Building)
22. What are the benefits, costs, and risks of building consent authorities contracting more Accredited Organisations (Building) to undertake inspections?
23. What are the main barriers to building consent authorities contracting Accredited Organisations (Building) to undertake inspections? How could these be addressed?
24. Do you think that owners should be able to directly engage Accredited Organisations (Building) to undertake inspections? Please explain, commenting on the benefits, costs, and risks.
25. Do you agree with the potential mitigations? Are there any other issues or mitigations we should consider?

General comments
26. Do you have any other general comments you wish to make?

Appendix 1: Full list of consultation questions

Question about the proposed criteria
1. Do you agree these are the right outcomes/criteria to evaluate the options? Are there any others that should be considered?
Question about the opportunity/benefits of remote inspections
2. Do you agree with our description of the opportunity (i.e., benefits) of increasing the uptake of remote inspections? Are there any other benefits? Please explain.
Questions for builders/sector
3. What savings and costs have you experienced with remote inspections? Do they differ depending on whether a remote inspection is real time or evidence-based?
4. Do you have any concerns about taking part in remote inspections (whether real time or evidence-based)?
Questions about barriers and risks
5. Do you agree these are the main risks associated with increasing the use of remote inspections? Are there any other risks that should be considered? If yes, please explain.
6. Are current occupational regulation and consumer protection measures fit for purpose to manage risks associated with higher uptake of remote inspections? If not, what changes would be required?
Questions about options to increase the uptake of remote inspections
All options
7. Which option(s) do you prefer? Please explain why by commenting on the benefits, costs, and risks compared to other options.
8. Are there any other options we should consider?
Option One
9. What can be done to help reduce inspection failure rates?
Option Three
10. What inspections could generally be conducted remotely with confidence?
11. Are there any inspections that should never be carried out remotely (e.g., based on the type of inspection or building category)? Please explain why.
12. Do you agree with the proposed exclusions under Option Three? Is there anything else that should be added to this list?
Option Four
The offence relates specifically to 'deliberate actions to hide, disguise, or otherwise misrepresent non-compliant building work'.
13. If a new offence were to be created, does the above description sufficiently capture the offending behaviour? If not, is there anything else that should be considered?
14. Would the maximum penalty of \$50,000 for individuals and \$150,000 for a body corporate or business be a fair and sufficient deterrent?
15. Are there any other ways to discourage deceptive behaviour besides creating an offence?
Questions for Building Consent Authorities and Accredited Organisations
16. What percentage of inspections do you carry out remotely?
17. What are the main things preventing you from using remote inspections, or using them more often? Please explain.
18. Please briefly outline your policy regarding when, how and with whom you use remote inspections.

<p>In what circumstances do (or would) you use real time remote inspections versus evidence-based? Do you prefer one method (real time or evidence-based) over the other? Please explain why with reference to benefits, costs and risks.</p>
<p>19. We want to know about building consent authority costs and savings (actual or anticipated) in establishing remote inspection technology and processes.</p> <p>What are your actual or projected costs from undertaking remote inspections?</p> <p>Training \$ _____</p> <p>IT Expenses \$ _____</p> <p>Additional staff \$ _____</p> <p>Other \$ _____</p> <p>What are your actual or projected savings from undertaking remote inspections?</p> <p>Travel and vehicle \$ _____</p> <p>Ability to do more inspections per day \$ _____</p> <p>Reduced staffing costs \$ _____</p> <p>Other\$ _____</p> <p>Please also provide any data and/or estimates on travel and emissions reductions achieved through the use or potential use of remote inspections. Please include any assumptions or qualifiers. Relevant attachments can be emailed along with your submission to building@mbie.govt.nz</p>
<p>20. Considering the actual or anticipated costs of establishing remote inspection capabilities, how long has it taken (or expected to take) to see a return on investment? Do you anticipate that you will be able to reduce inspection charges for remote inspections?</p>
<p>21. What factors would you consider in pursuing a prosecution for the deceptive behaviour described in Option 4?</p>
<p>Questions for all submitters about increasing the use of Accredited Organisations (Building)</p>
<p>22. What are the benefits, costs, and risks of building consent authorities contracting more Accredited Organisations (Building) to undertake inspections?</p>
<p>23. What are the main barriers to building consent authorities contracting Accredited Organisations (Building) to undertake inspections? How could these be addressed?</p>
<p>24. Do you think that owners should be able to directly engage Accredited Organisations (Building) to undertake inspections? Please explain, commenting on the benefits, costs, and risks.</p>
<p>25. Do you agree with the potential mitigations? Are there any other issues or mitigations we should consider?</p>
<p>General comments</p>
<p>26. Do you have any other general comments you wish to make?</p>

Appendix 2: Summary of options for feedback

Section One:

Summary	Benefits	Risks and costs
<p>Option One: Review remote inspection guidance, address failure rates and/or publish wait times (non-regulatory)</p>	<p>Identifying and addressing inspection failures will reduce delays and costs associated with rework, free up inspection resource, and improve build quality.</p> <p>Publishing data on wait times could incentivise building consent authorities to improve efficiency, reducing overall time and cost to build.</p> <p>Guidance:</p> <ul style="list-style-type: none"> • is low-cost to implement and provides flexibility for building consent authorities to choose an approach that balances level of investment with expected efficiency gains • does not make system more complex and allows building consent authorities to manage their own risk (and potential liability). <p>Guidance can continue to be easily updated as technology and confidence improves. Can be easily adapted to align with any future system changes.</p>	<p>Guidance alone may be insufficient to promote widespread uptake and drive greater consistency in approach, which would limit potential efficiency gains.</p> <p>Data collection and analysis is resource intensive. New data requests would need to be prioritised within existing data collection programme.</p>
<p>Option Two: Require building consent authorities to have the systems and capability to conduct remote inspections</p> <p>Policies, procedures, technology, and training required by building consent authorities to maintain accreditation.</p>	<p>Should result in greater efficiency gains than Option One as it would enable more productive use of inspection resources and a reduction in wait times and overall build times (which may provide for a reduction in associated costs, such as rental costs incurred by an owner during the build).</p> <p>Flexibility to share inspector capacity and capability across building consent authorities and private companies (who could undertake remote inspections on behalf of building consent authorities). Also supports efficiency and productivity at the national level.</p> <p>Policies, procedures, quality controls, and auditing (required under the Accreditation Scheme) would support robust decision making.</p> <p>Discretion allows building consent authorities to:</p> <ul style="list-style-type: none"> • determine when a remote inspection would be more cost effective and/or efficient • manage their own risk when undertaking inspections (e.g., limiting to builders with a good track record). <p>Could provide homeowners with a digital record of work done, which could help identify responsible parties should issues be found later.</p>	<p>Some inconsistency between building consent authorities is likely (due to different policies and procedures).</p> <p>Having the ability to conduct remote inspections does not mean building consent authorities will maximise their use, limiting potential efficiency gains.</p> <p>Implementation costs (to establish policies, procedures, technology, and training) may lead to higher fees if those costs outweigh efficiency gains. This is more likely for smaller building consent authorities with low inspection volumes who may need to engage others to do remote inspections on their behalf.</p> <p>Set-up and implementation costs might not be recovered if there were voluntary consolidations or structural reform to the building consent system in the future.</p> <p>Time and cost for the sector to upskill.</p>

Summary	Benefits	Risks and costs
<p>Option Three: Require building consent authorities to use remote inspections as the default approach to conducting inspections</p> <p>Could include:</p> <ul style="list-style-type: none"> • Enabling provision in Building Act • Criteria in regulations on inspections to conduct remotely. 	<p>Should lead to the highest efficiency gains, ensuring more productive use of inspection resource and reductions in wait times.</p> <p>Building owners would benefit from a reduction in overall build times (greater benefits when demand for inspections is high) and associated costs (e.g., avoid paying rent for longer periods).</p> <p>National guidelines would support consistent and robust decisions on inspections that should be done remotely.</p> <p>Flexibility to share inspector capacity and capability across building consent authorities and private companies (with clarity on what should be inspected remotely). Also supports productivity at the national level.</p> <p>Could provide homeowners with a more comprehensive digital record of work done (compared to Option Two), which could help identify responsible parties should issues be found later.</p>	<p>Requiring by default removes the flexibility for building consent authorities to manage their own risks in line with the capability and confidence of people using remote inspection tools. This could lead to issues being missed in the inspection, resulting in building defects, which would impact building owners and increase building consent authorities' exposure to liability claims. Some homeowners may be concerned that remote inspections are less robust than on-site inspections.</p> <p>Above risks could be mitigated by initially focusing on lower risk building work and inspections to allow inspectors and the sector to adapt to using remote inspections.</p> <p>Similar costs to Option Two. Investment and implementation costs may lead to higher fees (as noted in costs for Option Two).</p> <p>Set-up and implementation costs might not be recovered if there were voluntary consolidations or structural reform to the building consent system in the future.</p> <p>Some inspections might take longer to conduct remotely (however, this may be offset by reduced travel).</p> <p>This option would likely take longer to implement and realise benefits.</p>
<p>Option Four: Create a new offence to deter deceptive behaviour (stand-alone or complementary option)</p>	<p>Supports buildings to be healthy, safe and durable by reducing the likelihood of defects.</p> <p>Should increase efficiency by giving building consent authorities more confidence to use remote inspections by addressing a key barrier to uptake (i.e., potential liability claims).</p> <p>Makes the responsibilities and accountability of builders clear.</p> <p>Can be implemented on its own or with any of the other options.</p> <p>Would support the use remote inspections under any future system.</p>	<p>May not significantly increase uptake of remote inspections (if implemented as a stand-alone option).</p> <p>Effectiveness of the option depends on councils detecting and pursuing enforcement action related to dishonest behaviour.</p> <p>Time and costs for councils or other authority to prosecute, which may reduce effectiveness as a deterrent.</p>

Section Two:

Summary	Benefits	Risks and costs
<p>Increasing inspection capacity through the use of Accredited Organisations (Building) to undertake inspections</p>	<p>Supports greater flexibility and timeliness (efficiency) of inspections by increasing overall inspection capacity and capability.</p> <p>Could provide smaller building consent authorities with an alternative way to do remote inspections, reducing implementation costs.</p> <p>Allowing owners to contract directly could support consistent inspection decisions for developers who work across multiple regions (i.e., due to inspector familiarity with a developer’s standard designs), and provide options to find a faster inspection service, reducing overall build time.</p> <p>Could support greater capacity under a future system.</p>	<p>Could lead to higher inspection costs. However, these costs may be balanced out by the benefits of flexibility and timeliness.</p> <p>Allowing owners to contract directly could lead to a perception of less independence and less robust decisions. However, these risks could be addressed through proposed mitigations.</p>



Te Kāwanatanga o Aotearoa
New Zealand Government

BP 11395