



COVERSHEET

Minister	Hon Chris Penk	Portfolio	Building and Construction
Title of Cabinet paper	Releasing the Discussion Document <i>'Improving efficiency in the inspection process: Increasing the use of remote inspections and Accredited Organisations'</i>	Date to be published	6 November 2024

List of documents that have been proactively released		
Date	Title	Author
September 2024	Releasing the Discussion Document <i>'Improving efficiency in the inspection process: Increasing the use of remote inspections and Accredited Organisations'</i>	Office of the Minister for Building and Construction
11 September 2024	Improving Efficiency in the Inspection Process: Release of Discussion Document ECO-24-MIN-0188 Minute	Cabinet Office

Information redacted

YES

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

Some information has been withheld for the reasons of confidential advice to government and constitutional conventions.

In Confidence

Office of the Minister for Building and Construction

Cabinet Economic Policy Committee

Releasing the Discussion Document *'Improving efficiency in the inspection process: Increasing the use of remote inspections and Accredited Organisations'*

Proposal

- 1 This paper seeks agreement to release a public discussion document proposing options to increase the uptake of remote inspections of building work.

Relationship to government priorities

- 2 The proposal relates to the Government's goal to increase affordable housing supply by improving efficiency and competition in the building system, reducing barriers and driving down costs.
- 3 The 100-point Economic plan *'Rebuilding the Economy'* includes a commitment to 'streamline building consents and make construction more efficient by requiring councils to accept video and photo evidence of work done'. The Government has also committed to 'Encouraging more Accredited Building Organisations to prepare consents, undertake building inspections and prepare documents for code compliance certificates to be issued by building consent authorities'.

Executive Summary

- 4 In March 2024, I set out for Cabinet a programme of work to deliver an efficient, competitive building regulatory system and reduce overall building costs. This included work to ensure greater use of remote inspections [ECO-24-MIN-0019 refers].
- 5 On 29 May 2024, the Economic Policy Committee (ECO) agreed to the development of a discussion document on increasing the uptake of remote inspections, including options to require building consent authorities to use remote inspections as the default approach to conducting inspections. ECO invited me to return in quarter 3 to seek approval to release the discussion document for public consultation [ECO-24-MIN-0085 refers].
- 6 MBIE has developed options to increase the uptake of remote inspections and improve the timeliness of inspections. The options would modernise the building consent system by making it more productive and efficient, and support the Government's broader housing goals of making it easier, cheaper and faster to build.
- 7 I seek Cabinet's agreement to release the discussion document *'Improving efficiency in the inspection process: Increasing the use of remote inspections and Accredited Organisations'* on or shortly after 23 September 2024 for public consultation. Consultation will occur for a minimum of six weeks.

Background

- 8 Construction data from Stats NZ shows that it takes, on average, 569 days for a home to be built after a consent is granted. Removing unnecessary delays can reduce costs and increase productivity in the sector.
- 9 Conducting inspections remotely can reduce the delays associated with in-person inspections, lower costs and lift efficiency in the inspection process by:
 - 9.1 eliminating the need to travel to site, allowing inspectors to conduct more inspections per day
 - 9.2 increasing flexibility in the workday of inspectors and building professionals
 - 9.3 enabling inspectors to carry out inspections in other regions.
- 10 However, current uptake of remote inspections is low and varies across the country, with some building consent authorities regularly using remote inspections and others not using them at all.
- 11 On 29 May 2024, ECO agreed to the development of a consultation document on increasing the uptake of remote inspections, including options to require building consent authorities to use remote inspections as the default approach to conducting inspections [ECO-24-MIN-0085 refers].

Proposal for public consultation

- 12 The discussion document (attached at **Annex One**) identifies four options to increase the uptake of remote inspections and improve the timeliness of inspections. It seeks feedback on the benefits, risks, costs and disadvantages of each option and invites suggestions of other options that could increase the uptake of remote inspections and deliver on the Government's commitment.

Safeguards are needed to manage risks of remote inspections

- 13 In increasing the use of remote inspections, I am mindful of ensuring that we retain appropriate checks and balances to manage risks and protect homeowners and building users. For example, it may be harder to identify defects through remote inspections, not all inspections may be suitable to be conducted remotely and some building practitioners may try to hide non-compliant work to pass an inspection.

Constitutional conventions

Summary of options

- 15 The options are:
- 15.1 **Option One:** Review remote inspection guidance, address failure rates and/or publish data on inspection wait times (non-regulatory)¹.
 - 15.2 **Option Two:** Require building consent authorities to have the systems and capability to conduct remote inspections. Building consent authorities would retain discretion on when to use remote inspections.
 - 15.3 **Option Three:** Require building consent authorities to use remote inspections as the default approach to conducting inspections. Regulations could specify the criteria for which inspections should be carried out remotely, with some exemptions, such as where there is poor internet connectivity or where the inspector or builder deems it necessary to conduct an on-site inspection. Requirements could initially focus on lower risk building work or inspections, such as framing and plumbing on simple residential builds or re-inspections, and could be expanded over time as sector and technological capabilities improve.
 - 15.4 **Option Four (stand-alone or complementary option):** Create a new offence to deter deceptive behaviour. This option may give building consent authorities greater confidence to conduct more inspections remotely, by disincentivising people from intentionally hiding, disguising or otherwise misrepresenting non-compliant work (eg providing images of other completed building work).
- 16 The discussion document also seeks feedback on opportunities to increase the use of Accredited Organisations (Building) to carry out inspections. These organisations are accredited under the *Building (Accreditation of Building Consent Authorities) Regulations 2006* but have not sought registration as a building consent authority.
- 17 While many building consent authorities engage Accredited Organisations to carry out consent processing on their behalf, only a few are involved in inspections. There is an opportunity to increase inspection capacity (onsite and remote), by using these organisations to carry out more inspection work, either on behalf of building consent authorities, or by enabling owners to engage them directly.

Wider policy considerations

- 18 I intend to bring a paper to ECO in quarter 3 of 2024, to seek agreement to explore options to improve consistency, certainty and efficiency in the building consent system through potential changes to institutional arrangements of consenting authorities.
- 19 It is good regulatory practice to ensure any potential regulation is durable and has the capacity to evolve to respond to changing circumstances. I will take into consideration any potential changes to institutional arrangements in the consenting system prior to seeking final policy decisions on remote inspections. This could include focusing on options to improve efficiency under the current structure that would also be compatible with any potential future model.

¹ On 31 July 2024, MBIE published guidance on remote inspections for building consent authorities and the construction sector, along with case studies and a step-by-step guide to adopting remote inspections <https://www.building.govt.nz/assets/Uploads/building-officials/guides/remote-inspection-guidance-for-building-consent-authorities.pdf>

- 20 Some options in the attached discussion document could have high implementation costs, which may have a disproportionate impact on smaller building consenting authorities if enacted prior to any institutional reform. I will therefore consider the costs and benefits of potential options carefully before seeking final policy decisions.

Implementation

Cost-of-living Implications

- 21 There are no direct cost of living implications from this paper. If reducing regulatory barriers and costs results in more affordable homes being built it, it will reduce the cost of living.

Financial Implications

- 22 There are no direct financial implications to the Crown from this paper. Any financial and economic implications of proposed regulatory change will be clearly articulated in any policy proposals.

Legislative Implications

- 23 There are no direct legislative implications of this paper at this stage. However, implementing the proposals may require amendments to the *Building Act 2004* or associated regulations.

Confidential advice to Government

Impact Analysis

Regulatory Impact Statement

- 25 A Quality Assurance panel with representatives from the Ministry of Business, Innovation and Employment has reviewed the Regulatory Impact Statement (RIS) *Improving efficiency in the inspection process: Increasing the use of remote inspections and Accredited Organisations*. The panel has determined that the RIS provided meets the quality assurance criteria.

Climate Implications of Policy Assessment

- 26 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 27 Remote inspections can be particularly useful where there are large distances for inspectors to travel, if there is good cellular connectivity. Remote inspections could benefit rural communities by making it easier for inspections to be done without the need to travel.

- 28 There may be implications and communication challenges from remote inspections for people who are not confident with technology, have a disability (eg hearing loss) or speak English as their second language.

Human Rights

- 29 The proposals in this paper are not inconsistent with the *New Zealand Bill of Rights Act 1990* or the *Human Rights Act 1993*.

Use of External Resources

- 30 No external resources were used in the preparation of this paper.

Consultation

- 31 The following agencies were consulted on this paper: Department of Internal Affairs; Department of Prime Minister and Cabinet; Department of Corrections; Department of Conservation; Ministry of Housing and Urban Development; Kāinga Ora; Ministry of Education; Ministry for Culture and Heritage; Te Puni Kōkiri; WorkSafe New Zealand; Ministry for Pacific Peoples; The Treasury; Ministry of Health; Ministry for the Environment; Ministry of Transport; Ministry of Defence; Ministry for Primary Industries; Ministry of Social Development; Land Information New Zealand; Statistics New Zealand; Ministry for Regulation.

Communications

- 32 The discussion document will be made publicly available on MBIE's website. This will be accompanied by a media release and social media promotion of the consultation.

Proactive Release

- 33 Officials will release this Cabinet paper proactively, subject to any redactions as appropriate under the *Official Information Act 1982*.


Recommendations

The Minister for Building and Construction recommends that the Economic Policy Committee:

- 1 **Note** that on 29 May 2024, the Economic Policy Committee agreed to the development of a discussion document on increasing the uptake of remote inspections, including options to require building consent authorities to use remote inspections as the default approach to conducting inspections [ECO-24-MIN-0085 refers];
- 2 **Agree** to release the discussion document '*Improving efficiency in the inspection process: Increasing the use of remote inspections and Accredited Organisations*' for public consultation;
- 3 **Authorise** the Minister for Building and Construction to approve the final release date of the discussion document and to make minor and technical amendments, and editorial changes to the discussion document before it is released;

- 4 **Note** that the Minister for Building and Construction will issue a press release to announce the publication of the discussion document on or soon after 23 September 2024;

Confidential advice to Government



- 6 **Note** that analysis of options will consider the economic rationale and fiscal implications, including with respect to changes in liability.

Authorised for lodgement

Hon Chris Penk

Minister for Building and Construction