

Introduction

The Government is committed to improving the efficiency of building inspections and making it easier and more affordable to build.

On 2 October 2024, the Ministry of Business, Innovation and Employment (MBIE) released the discussion document *Improving efficiency in the inspection process*. Feedback was sought on options to improve efficiency in the inspection process, including requiring building consent authorities (BCAs) to use remote inspections as the default approach to conducting inspections. Feedback was also sought on increasing the use of Accredited Organisations (Building)¹ (AOBs) to undertake inspections. This report summarises views submitted during the consultation.

Submissions received

MBIE received 248 submissions from a range of submitters including BCAs, industry bodies, AOBs, builders and building companies, designers, and architects (see Figure 1 below).

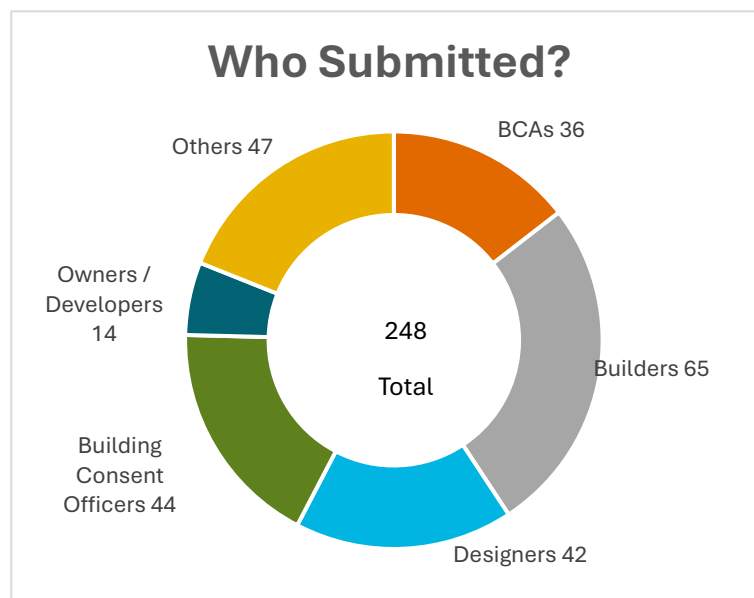


Figure 1: Submitters by groups

Section One: Increasing the uptake of remote inspections

The opportunity and benefits

The discussion document noted that remote inspections can make it easier, faster and cheaper to build by enabling BCAs to carry out more inspections per day. This, in turn, helps reduce inspection wait times due to greater availability of inspection slots. Benefits identified in the discussion document included reducing the need for inspectors to travel to building sites, greater flexibility and

¹ Accredited Organisations (Building) are private organisations that have gained accreditation under the *Building (Accreditation of Building Consent Authorities) Regulations 2006*. They are required to meet the same criteria and standards as BCAs and are subject to regular audits under these regulations.

timeliness for inspectors and builders, and the ability for inspectors from one district to carry out inspections in other districts.

Submitters were asked if they agreed with the description of the above opportunity and benefits. Submitters were also asked if there are other benefits to remote inspections that were not included in the discussion document.

Most submitters (59 per cent) that responded to the question agreed with the description of the opportunity and benefits, while 24 per cent disagreed, and seven per cent were unsure. As shown in Figure 2, owners/developers and builders/other trades that responded generally agreed with the opportunities and benefits, whilst BCAs were circumspect.

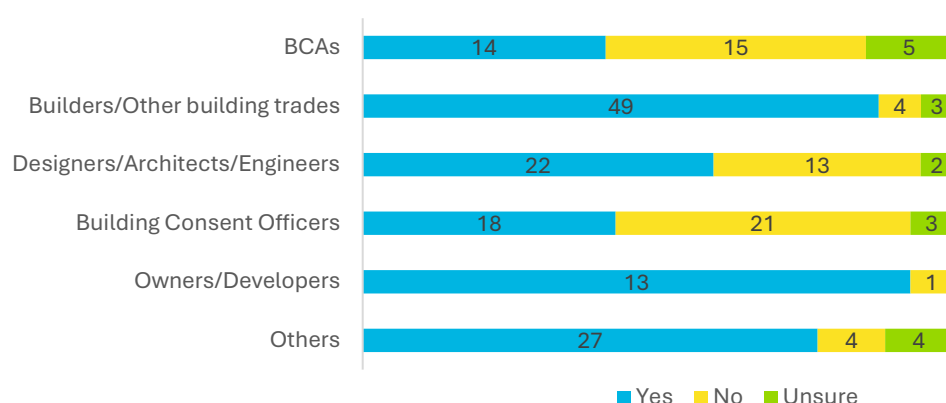


Figure 2: Do you agree with description of the opportunity of increasing the uptake of remote inspections?

Other benefits identified by submitters included:

- cost savings due to fewer delays, easier re-checks, less repetitive follow-up documentation and reduced wait time
- better documentation of inspection data
- development and upskilling opportunities for practitioners and inspectors
- increased productivity and efficiency in the sector
- more trust in the building sector
- greater flexibility in the event of a national emergency.

The most common reason provided by those that did not agree with the description was because of the time and cost involved to carry out remote inspections currently. This is discussed in the next section.

Barriers and risks of remote inspections

Barriers to greater uptake

The main barriers to greater uptake of remote inspections listed in the discussion document were the costs to BCAs to establish systems, technology and training, the time it takes for the sector to become more confident in using technology, the suitability of remote inspections for certain building work and the risk of non-compliant work being missed during remote inspections.

BCAs that commented on the above barriers also discussed the duration of a remote inspection compared to an on-site inspection. A few of these submitters reported that real-time remote inspections can take longer than on-site inspections in some instances (eg where inspectors have to re-direct the builder on site) due to low confidence and competency in using the technology. Auckland Council reported that remote inspections can take 10-25 per cent longer than on-site inspections (not accounting for travel time).

Other common barriers shared by BCAs were the upfront and ongoing costs for BCAs to adopt the technology, minimal interest from the industry and decreased levels of interpersonal connection during remote inspections.

Risks of greater uptake

MBIE described the key risks of remote inspections as decreased building safety and performance due to non-compliant work being missed, dishonest practices, liability issues and reduced public trust in the quality of buildings that are inspected remotely.

Submitters were asked if they agreed with the key risks, and if there are other risks that should be considered. Overall, most submitters across all submitter groups agreed with the description of the risks. See Figure 3 below.

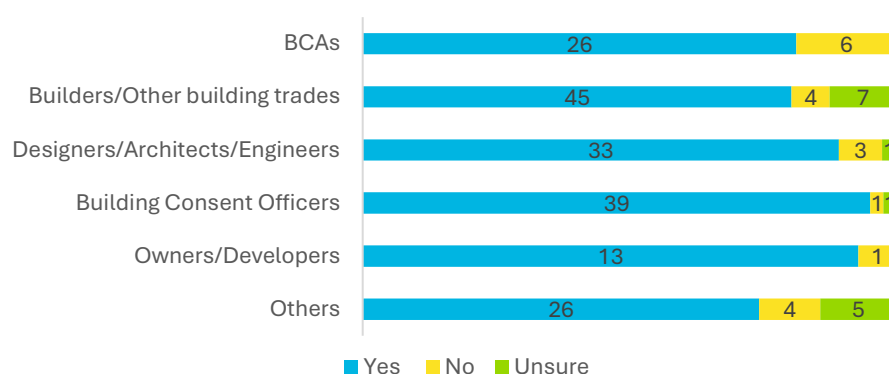


Figure 3: Do you agree these are the main risks associated with increasing the use of remote inspections?

While most builders indicated they had no concerns with partaking in remote inspections, some BCAs and industry submitters flagged that greater uptake of remote inspections could lead to low quality building work.

Submitters that supported the described risks agreed that non-compliant building work would be missed due to technological limitations (including poor connectivity issues) or deceptive behaviour during remote inspections. They also raised that some building work is not suitable for remote inspections and using remote inspections for that work could mean non-compliant work is not identified during the inspection.

The discussion document also sought feedback on the adequacy of the occupational regulation and consumer protection measures to mitigate any risks that could arise from remote inspections. Almost half of the submitters that responded to this question did not think that the current occupational regulation and consumer protection measures are adequate. BCAs raised concerns with competency levels and high inspection failure rates. They felt that it is challenging to deter deceptive behaviour currently because the penalties are either too low, the complaints process is too difficult to navigate,

or prosecution is too expensive. A number of BCAs and builders suggested that the liability rules be changed to proportionate liability to ensure deceptive practitioners are held accountable, and that BCAs and consumers do not end up bearing the cost of non-compliant work.

Options to increase uptake of remote inspections and improve efficiency of inspection processes

MBIE consulted on four options to increase the uptake of remote inspections and improve efficiency of inspection processes. Submitters were asked for their most preferred option and whether MBIE should consider any alternatives. Submitters were able to select more than one preferred option.

The options consulted on were:

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

Submitters were asked which option(s) they preferred and invited to suggest other options for consideration.

Preferred options:

Overall, 106 submitters supported option two (capability) and 87 submitters supported option four (offence). Option one (non-regulatory) was supported by 60 submitters, and 44 submitters supported option three (default). This is shown in Figure 4 below.

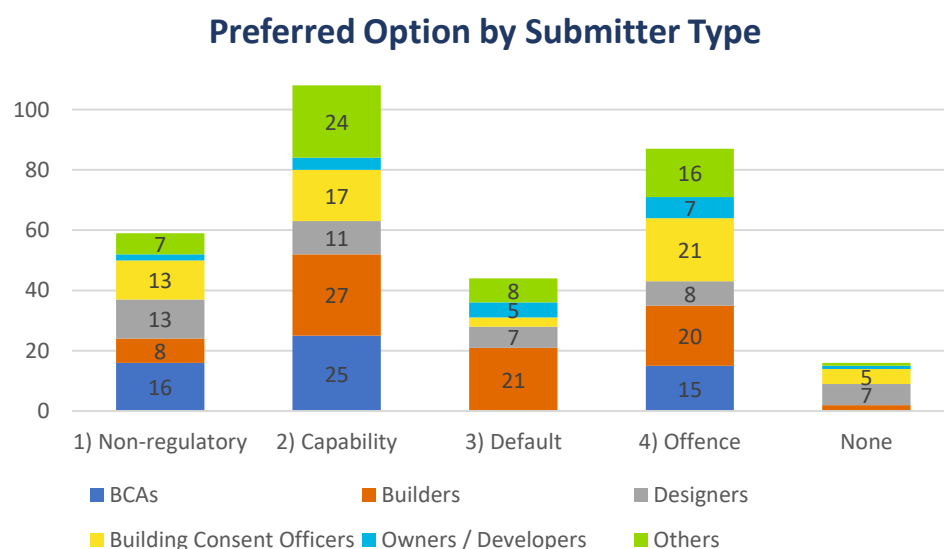


Figure 3: Preferred Option by Submitter Type

In terms of preferred option combinations, 55 submitters preferred the capability option as a standalone option, while a further 45 supported a combination of the capability and offence options. Figure 5 below shows the preferred option combinations by submitter type in greater detail.

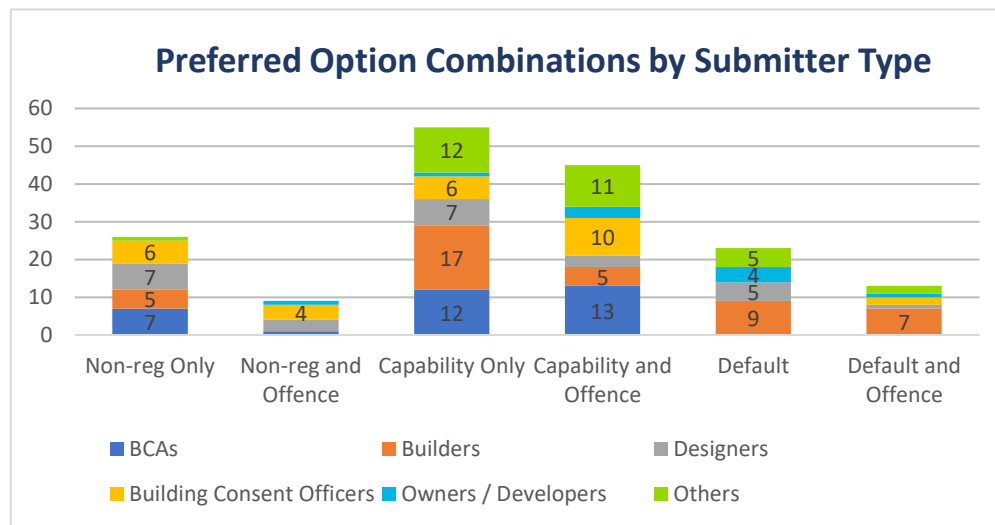


Figure 4: Preferred Option Combinations by Submitter Type

The flexibility and discretion of the capability option to BCAs was the most cited reason for preference among submitters that supported this option. BCAs, industry groups and builders stated that it is important that BCAs retain the choice of inspection method to ensure good quality building work, and that risks are maintained.

Submitters that preferred the combination of the capability option and the new offence option generally suggested it would provide similar benefits to that described above, whilst also ensuring that deceptive practitioners are held accountable. While there was strong support for the creation of a new offence, some submitters noted that it is only good in principle, and it would be difficult to prove 'deliberate' actions to hide, disguise, or otherwise misrepresent non-compliant building work. Additionally, some BCAs noted that they rarely prosecute due to the time and cost to prosecute outweighing any fines that might be recovered.

The non-regulatory option was seen by supporters as useful to implement and they noted that consistent guidance is necessary. BCAs that supported this option shared that it has low financial impact and would give BCAs the discretion to operate how they see best. Industry submitters shared that this option would allow for greater uptake of remote inspections without imposing it on the sector. A number of these submitters also suggested implementing this first to gather ideas on the best practices for remote inspections.

Across all submitter groups, builders showed the most support for the option to require remote inspections by default. However, builder preference was relatively split between this option, requiring BCAs remote inspections capability and the creation of a new offence. Submitters that supported the default option felt that BCAs are too risk-averse, and this option is necessary to ensure more uptake of remote inspections by BCAs. They also shared that this option would provide more efficiency and consistency across BCAs. Submitters that opposed this option raised that it would override professional judgement, open BCAs to liability issues, and decrease the quality of building work. A few submitters were also concerned that the industry currently does not have the necessary skills for this option to work well in practice. Overall, while submitters agreed that remote

inspections would increase efficiency and productivity in the sector, it was advised that it should be approached with care.

Alternative options suggested by submitters

Setting a maximum wait time for inspections

Several BCAs proposed a key performance indicator (KPI) for inspection wait times as an alternative option to incentivise BCAs to prioritise timely provision of inspections. Submitters noted that inspection delays can affect overall build project costs and timelines. They highlighted that while the Building Act sets out a timeframe for processing building consents, it does not impose similar requirements for inspections. They suggested a KPI for wait times would increase efficiency in the inspection process, reduce uncertainties for builders and support more predictable project timelines. Additionally, it would support business cases for BCAs to gain more resources to meet the required timeframes.

Other suggestions

As mentioned earlier, submitters felt that the current liability rules make it challenging to hold dishonest practitioners accountable for defective building work. A few submitters were concerned that increasing the use of remote inspections could make this issue worse. To address this, they recommended changing the liability settings to ensure those responsible for defective building work are held accountable, and that BCAs and homeowners do not carry most of the risk.

Addressing inspection failure rates

Inspection failures impact BCA efficiency and timeliness due to time spent on re-inspections. Rework as a result of failed inspections also adds time and cost to a build.

Submitters were asked what can be done to help reduce inspection failure rates. 184 submitters responded to this question.

The most common suggestions were:

- Providing practitioners and inspectors with more education and training to improve understanding of the Building Act and associated regulations. This would also ensure builders are better prepared for inspections and create consistency in inspection approaches.
- Standardised inspection checklist for inspectors and practitioners to ensure builders are well prepared for inspections.
- Identifying and publishing common reasons for inspection failures to provide the sector with better information to reduce failure rates.
- Stricter punishments for practitioners that carry out non-compliant work by imposing infringement fines or license suspensions.
- Changing the liability rules from joint and several liability to proportionate liability to ensure dishonest practitioners are held accountable. One submitter shared placing more liability on the people carrying out the work would incentivise the sector to maintain a high standard of work.

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

The discussion document noted that some BCAs contract private organisations to carry out inspections, including remote inspections, and that there is scope for BCAs to make more use of Accredited Organisations (Building) (AOBs) to carry out inspections on their behalf.

Submitters were asked to comment on the benefits, costs, risks and barriers of increasing the use of AOBs to undertake inspections. Submitters were also asked if owners should be able to directly engage AOBs to undertake inspections.

Benefits, cost, barriers and risks to more use of Accredited Organisations (Building) to increase inspection capability

Over 150 submitters commented on the benefits, costs, barriers and risks to more use of AOBs to increase inspection capability.

Among BCAs and several industry group submitters, there was general agreement that more uptake of AOBs will allow BCAs to accommodate any fluctuations in demand. This will enable BCAs to maintain low wait times during busy periods. Some industry submitters raised that this could lead to faster build processes for consumers. A couple of builders said more use of AOBs will allow for greater use of more specialised skills in the inspection process, especially if the contractor is familiar with local building issues in the district.

Submitters commented on the barriers to greater use of AOBs, including the cost of this approach. The reasons given by submitters were:

- liability issues,
- limited protection for consumers (inadequate insurance coverage),
- lack of inspector availability or competency, and
- inconsistent approaches to inspections between AOBs and BCAs.

Submitters also stated that this approach is expensive and provided minimal savings for BCAs, owners, and ratepayers, and could also lead to less public confidence in the inspection process and overall build quality.

Some of the barriers identified above were also identified by submitters as key risks to more use of AOBs. These were:

- liability risks: Several BCAs and a couple of industry submitters raised that AOBs could go out of business or declare bankruptcy at any time, leaving BCAs and homeowners to bear any liability issues that could arise.
- low quality building work: A few BCAs raised that third parties may lack local knowledge on environmental features unique to certain districts or have little understanding of the Building Code. They suggested this could result in non-compliant work or issues being overlooked during inspections, resulting in low quality building work.

Direct engagement between owners and Accredited Organisations (Buildings)

Submitter views were relatively split on whether owners should be able to directly engage AOBs to undertake inspections. Direct engagement was supported by 58 submitters, while 65 opposed and 38 submitters were unsure.

A few submitters shared that this option would provide more choice and competition for owners. However, some submitters raised that the lack of BCA involvement would lead to non-compliant work going unnoticed and any related liability issues would fall on BCAs under the current joint and several liability rules. BCA involvement was generally preferred to ensure consumers are protected and that buildings are safe for end-users.