

29 November 2024

Via email: building@mbie.govt.nz

SUBMISSION TO MINISTRY FOR BUSINESS, INNOVATION AND EMPLOYMENT ON IMPROVING EFFICIENCY IN THE INSPECTION PROCESS

Thank you for the opportunity to present this submission on improving efficiency in the inspection process, using remote building inspections.

Over the past ten years, the Queenstown Lakes District has experienced the fastest population growth in the country, leading to strong building demand. Queenstown Lakes District Council (**QLDC**) currently uses remote inspections when appropriate, which is for around 20% of its building consent inspections.

QLDC is supportive of improving efficiency in the building inspection process and the appropriate use of remote inspections, however improving efficiency needs to be balanced with risk. The priority must be adequate protection for the public from risk – both the risk of building failures due to less Building Consent Authority (**BCA**) oversight as well as the risk of defective building claims where ratepayers bear the cost. Without clear detail on how joint and several liability will be managed, QLDC must remain conservative and risk averse to protect its ratepayers.

Remote inspections are not always the appropriate or most efficient option and BCAs need to retain the ability to apply discretion in their use. QLDC believes the current system works well in the Queenstown Lakes District and remote inspections should not be made the default approach. The proposal that BCAs ensure they have the systems and capability to conduct remote inspections is supported.

QLDC has provided responses to the consultation questions in the attached submission form, based on its experience with the implementation of remote inspections. MBIE is welcome to contact QLDC to discuss any of the points in more detail.

Thank you again for the opportunity to comment.

Yours sincerely,



David Wallace
General Manager – Planning & Development

How to have your say

Submissions process

MBIE seeks written submissions on this discussion paper by 5pm, Friday 29 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 this 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 29 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 in relation to this review. 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.

Submitter information

Please provide some information about yourself to help MBIE understand the impact of our proposals on different occupational groups. Any information you provide will be stored securely.

Your name, email address and organisation

Name:	Matthew Bridle
Email address:	Matthew.bridle@qldc.govt.nz
Organisation:	Queenstown Lakes District Council
Role:	Principal Building Advisor

Are you happy for MBIE to contact you if we have questions about your submission?

Yes No

Please clearly indicate if you are making this submission as an individual, or on behalf of a company or organisation.

Individual Company/Organisation

(Including individual building consent officers)

The best way to describe you or your organisation is:

- | | |
|--|---|
| <input type="checkbox"/> Accredited Organisation (Building) | <input type="checkbox"/> Commercial building owner |
| <input type="checkbox"/> Builder | <input type="checkbox"/> Designer / Architect / Engineer |
| <input type="checkbox"/> Other building trades (please specify below) | <input type="checkbox"/> Developer |
| <input checked="" type="checkbox"/> Building Consent Authority/Council | <input type="checkbox"/> Homeowner |
| <input type="checkbox"/> Building Consent Officer (Individual) | <input type="checkbox"/> IT / Software provider |
| <input type="checkbox"/> Other (please specify below) | <input type="checkbox"/> Industry organisation (please specify below) |

Privacy and official information:

The Privacy Act 2020 and the Official Information Act 1982 apply to all submissions received by MBIE. Please note that submissions from public sector organisations cannot be treated as private submissions.

- Please tick the box if you do **not** wish your name or other personal information to be included in any information about submissions that MBIE may publish or release under the *Official Information Act 1982*.
- MBIE may publish or release your submission on MBIE's website or through an Official Information Act request. If you do **not** want your submission or specific parts of your submission to be released, please tick the box and provide an explanation below of which parts of your submission should be withheld from release:

Insert reasoning here and indicate which parts of your submission should be withheld:

[E.g. I do not wish for part/all of my submission to be release because of privacy or commercial sensitivity]

Consultation questions

Introduction

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

Outcomes and criteria

- System is efficient
- Roles and responsibilities are clear
- Requirements and decisions are robust
- System is responsive to change

Please refer to page 7 of the discussion document for full detail.

1a. Do you agree these are the right outcomes/criteria to evaluate the options?

Yes No Unsure

QLDC agrees with the outcomes and criteria but does not agree that the options proposed in this consultation will achieve the stated primary objective “to make it easier, cheaper and faster to build”.

QLDC questions the assumption that onsite inspection wait times affect the overall time it takes to complete a build. In QLDC’s experience, builders either carry on with another part of the same project or move labour to a concurrent project with a net zero effect on project times.

Remote inspections can make the building process easier for builders and for BCA staff, however the cost and time saving benefits are likely to be marginal. For example, if an inspector has to travel one hour to and from a subdivision they might undertake three inspections on different projects within that subdivision. Therefore, the travel time is 20 minutes for each consent site. For a typical 3–4 bedroom build that passes all inspections there will be a total of seven inspections, excluding a final inspection (which should never be undertaken remotely). In QLDC’s experience remote inspections tend to take longer than onsite inspections, so estimate a potential time saving of 120 minutes across the project. Inspections are charged at \$220 including GST/hour so for a \$750,000 build there is a total saving of \$440, or 0.059% of the build cost.

QLDC recommends that to achieve the stated goal, the building regime focuses on private industry and strengthening designer and builder capabilities. Significant savings in time can be made with an increase in industry education and higher standards of competency required for occupational licensing. This is supported in the findings of a BRANZ funded ModelDocs report by Auckland University.¹ It is noted that the report is specific to processing of building consent

¹ [ModelDocs: Transforming Building Consenting Behaviour for Better Housing \(2024\) | BRANZ](#)

applications, however with high failure rates of onsite inspections many parallels can be drawn between the shortcomings of licensed designers and licensed builders.

1b. Are there any others that should be considered?

Yes No Unsure

No further comment.

Increasing the uptake of remote inspections

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

- reducing the need for inspectors to travel to site
- greater convenience, flexibility and timeliness
- the ability for inspectors to carry out inspections in other districts

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

Please refer to pages 9 - 10 of the discussion document for full detail.

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

Yes No Unsure

QLDC is not certain that remote inspections offer builders “greater convenience, flexibility and timeliness”. Builders still need to book an inspection time in advance and ensure that they are on site and prepared to follow the inspector’s directions.

QLDC’s experience with live remote inspections includes builders not showing up or being late for a remote inspection. This affects timeliness and impacts on other customers and/or leads to cancellation of inspections that could have been undertaken onsite without the builder present.

The inspections team is flexible with inspections and will always try to accommodate builders’ requests for urgent inspections. Greater use of remote inspections is therefore not expected to impact on urgent requests.

Evidence-based inspections have the benefits of “greater convenience, flexibility and timeliness” but QLDC’s policy is to generally limit this to re-inspections. Council retains discretion to extend this process to more complex checks by prior agreement with builders, where circumstances require it.

2b. Are there any other benefits? Please explain.

None expected.

3. For builders/sector: 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?

Not applicable to BCA.

4. For builders/sector: Do you have any concerns about taking part in remote inspections (whether real time or evidence-based)?

Not applicable to BCA.

Key barriers and risks of remote inspections

Key risks of remote inspections include:

- Building safety and performance
- Dishonest practices
- Liability concerns
- Trust in build quality

Please refer to page 11 of the discussion document for full detail.

5a. Do you agree these are the main risks associated with increasing the use of remote inspections?

Yes No Unsure

QLDC would like to see liability concerns addressed in detail. Without specific options to remove or limit liability to councils, the proposed minor efficiency gains are outweighed by the associated additional financial risk to ratepayers from defective building claims.

5b. Are there any other risks that should be considered? If yes, please explain.

Yes No Unsure

No further comment.

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?

Yes No Unsure

Consumer protection measures in the Building Act 2004 are reasonable. However, if remote inspections are required to be the default mode of inspection, QLDC is concerned there will be increased instances of building failure, with ratepayers remaining ultimately liable due to the joint and several liability framework.

QLDC's experience is that neither the licensed building practitioner or other trade-related schemes provide assurance that practitioners have knowledge and understanding of the building code, acceptable solutions, standards, or of their own professional responsibilities. Nor does the industry historically shoulder its proportion of financial burden of any errors on their part.

Significant improvement needs to be made in education of the private sector and strengthening requirements for occupational licensing. These are essential steps to assist QLDC in its duties as a BCA to manage the increased risk of building failures.

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

Option One: Review remote inspection guidance, address failure rates and/or publish wait times (non-regulatory) (Pages 12 – 13 in discussion document)

Option Two: Require building consent authorities to have the systems and capability to conduct remote inspections (Page 13 in discussion document)

Option Three: Require building consent authorities to use remote inspections as the default approach to conducting inspections (Pages 13 – 14 in discussion document)

Option Four: (complementary option): Create a new offence to deter deceptive behaviour (Page 14 in discussion document)

7. Which option(s) do you prefer? Please explain why by commenting on the benefits, costs, and risks compared to other options.

Option One Option Two Option Three Option Four None

Option 1. QLDC see little value in option 1 with the exception that guidance be reviewed and updated as and when needed.

Collating data on failure rates and reasons could be useful to show how the private sector is performing. However, in QLDC's experience the majority of builders and subtrades do not utilise guidance documents or acceptable solutions and tend to rely on verbal interactions, previous experience or advice from inspectors.

Publishing inspection wait times could be useful to demonstrate that most BCAs are operating within reasonable timeframes². A similar process for the publishing of consenting and code compliance certificate timeframes showed BCA processing times were not responsible for delays in building completion.

Option 2. QLDC agrees that BCAs should have systems and capability in place for day-to-day use of remote inspections and, in addition, to be prepared for another event such as COVID-19 that limits the ability to conduct onsite inspections. Systems include applying local BCA discretion to when remote inspections are appropriate, as the local BCA is best placed to balance liability risk and efficiency benefits.

Option 3. QLDC does not agree with remote inspections becoming the default inspection type.

QLDC understands that if remote inspections become the default, there is a high risk it will impact on staff retention and job satisfaction. Building inspectors have chosen a career that provides the greatest value to their profession by being on site with face-to-face interactions. Transitioning entirely to a call centre environment will fundamentally change the role, and potentially diminish the value placed on inspection skills.

A shift to remote inspections as the default will remove inspectors from the local community of builders and subtrades, risking the loss of valuable relationships and information sharing between local builders and inspectors. The nature of remote inspections also reduces opportunities for inspectors to advise and help educate builders on compliance matters.

There is the potential that onsite inspection techniques will be lost or diminished. This skill set is key to effectively conducting remote inspections. These skills are also transferable to Rapid Building Assessments following a disaster event and for assessing compliance with, or breaches of, the Building Act 2004.

Essential inspection skills, developed onsite, could be lost as experienced staff leave the industry. This risks a general decline in the effectiveness of inspections which could consequently impact on code compliance across the industry.

Option 4. A newly created offence would help, in part, to deter deceptive behaviour, although the territorial authority's ability to prosecute these types of offences is limited by costs in pursuing a prosecution versus fines imposed by the Court. This is corroborated by MBIE, who have found that costs are generally not recovered by the fines imposed.

8. Are there any other options we should consider?

Yes

No

Unsure

QLDC recommends considering expanding the Modular Component Manufacture certificate scheme to include buildings

² [Building Consent System Performance Monitoring | Ministry of Business, Innovation & Employment](#)

built on site by accredited companies in addition to those built elsewhere and transported to site.

Option One: Review remote inspection guidance, address failure rates and/or publish wait times (non-regulatory) (Pages 12 – 13 in discussion document)

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

This is a matter for the industry itself to resolve with more effective training in project management, greater knowledge and understanding of the Building Act 2004, the Building Code, and associated regulations.

QLDC considers there is a need for strengthening requirements and obligations on practitioners to demonstrate competency *before* they can become a Licensed Building Practitioner. Once certified, ongoing compliance with a Continuous Professional Development scheme should be required to maintain the license. This could assist the public to have confidence in the system, reduce compliance costs, and build competence in the industry.

Improvements could also be made in the way consent applications are presented to the BCA, and this could be addressed by a prescribed list of information to demonstrate compliance, including specifics on the detail required in plans.

Greater clarity is also needed on lines of communication between owners, builders, designers and BCAs so that all parties understand their responsibilities, particularly in terms of information required for a variation to a consent.

Option Three: Require building consent authorities to use remote inspections as the default approach to conducting inspections (Pages 13 – 14 in discussion document)

10. What inspections could generally be conducted remotely with confidence?

QLDC is satisfied that most re-inspections can be dealt with remotely, particularly where there are only a small number of items from the failed inspection that can be assessed by photo or video evidence. Whether or not a follow up remote inspection is appropriate needs to be decided by the inspector who conducted the initial failed inspection.

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.

Yes

No

Unsure

Final inspections of any building type should be on-site only, as this is the last chance inspectors have to ensure the building is compliant.

Some exclusions may be needed under **Option Three**, 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 Exemption

Please refer to page 13 in the discussion document for full detail.

12a. Do you agree with the proposed exclusions under Option Three?

- Yes No Unsure

QLDC does not agree there is a need for exclusions, other than for poor internet connectivity, for the following reasons:

- Inspection bookings are made by non-technical staff. Requiring them to make case-by-case decisions on exclusions, using the above list, would complicate the inspection booking system.
- It is not for a BCA to decide if a builder is trustworthy or not. A builder with a reasonable track record could become deceptive for a number of reasons such as financial pressure or pressure from a developer or owner. This exclusion could also expose staff to aggression from builders not deemed trustworthy enough for a remote inspection.
- A default remote inspection which has to be cancelled during the inspection due to poor lighting or difficulty in seeing critical details defeats the stated intended benefits.
- If critical details were an issue the builder would have to specify an onsite inspection when booking, as non-technical staff are not qualified to decide if remote or onsite inspection is appropriate. This could foreseeably lead to remote inspections being cancelled by the inspector during the inspection if it was not the appropriate option.
- Weather based cancellations would not differ from the current onsite system.
- An owner-builder is subject to the same scrutiny as a licensed building practitioner or commercial builder.

12b. Is there anything else that should be added to this list?

- Yes No Unsure

No further comment.

Option Four: create a new offence 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'*.

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.

Please refer to page 14 in the discussion document for full detail.

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?

Yes

No

Unsure

It is QLDC's experience that the industry and the public have a limited understanding of the penalty regime as it stands. Regardless, any increase in statutory penalties demonstrates the seriousness of the offence and prosecutions can help to educate and deter. It is for the courts to address the lack of awareness in sentencing and to impress upon the industry how important it is to comply with the Building Act 2004.

The evidentiary threshold for *deliberateness* and prosecution could be problematic. The BCA would have trouble proving the elements of the offence to the standard of proof required – inspectors would need extensive training to build skills in this sort of investigation.

Most offences under the Building Act 2004 are strict liability, and intent is not required to be proven for a person to be found guilty of the offence. This puts the onus on the parties to comply with the Act, and where they do not, there is a clear pathway for the BCA to enforce it without long and drawn-out investigations.

If an inspector had suspicions in respect of work, and that is revealed through remote inspection, then the inspector would resort to an on-site inspection.

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?

Yes

No

Unsure

No further comment.

15. Are there any other ways to discourage deceptive behaviour besides creating an offence?

Yes

No

Unsure

Infringement offences could be created. Fines are an instant tool to curb and change behaviour, are strict liability, and have an instant financial impact. Prosecutions are costly and drawn out and divert resources from day-to-day business.

They are only appropriate for serious offences, where the consequence of the behaviour is of some magnitude.

This type of behaviour needs to be recognised and addressed by the licensed building practitioner scheme so offenders know that they could have their license suspended, revoked or similar, if they engage in duplicitous behaviour.

Questions for Building Consent Authorities and Accredited Organisations (Building)

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

Approximately 20% of inspections are currently conducted remotely by QLDC. The process requires photographs to be provided by builders which are then assessed by the inspector, and Council records are then updated.

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

The main things preventing more use of remote inspections in the district is:

- Internet connectivity to remote areas where they would be most useful.
- Minimal requests or interest for remote inspections by builders.

Most inspections are within close distance of a QLDC office and inspections are allocated to inspectors by general location grouping to reduce travel times. Any gains in efficiency from default remote inspections could be outweighed by an increased risk of defective work being missed from on-site inspections.

18a. Please briefly outline your policy regarding when, how and with whom you use remote inspections.

In selective cases, it is appropriate to undertake inspections remotely as desktop inspections. Alternative means are used to undertake the inspection and to be satisfied building work has been undertaken in accordance with the approved documents. This can include the use of photos and phone calls or video calls (Zyte).

The inspector advises the builder to apply for a remote inspection in the bookings system. Alternatively, the inspector may decide to undertake a remote inspection and will contact the builder to advise how the inspection will be conducted. The appropriate inspection record is completed in the usual way, referencing the photos or video call. Care is taken to communicate work is not to proceed until an inspection is passed.

Video calls can be recorded or photos provided. These are saved in the building consent inspections folder.

18b. 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.

QLDC can undertake inspections using either method. The current preference is for evidence-based inspections, with remote inspections used for reinspection of failed items. Real time inspections are occasionally used for remote locations where there is internet connectivity. QLDC does not have a preference going forward but would want to maintain the ability to use either method as circumstances dictate.

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

Staff are already trained to undertake remote inspections.

IT Expenses

Unknown. If made the default, then QLDC would require additional office space and workstations for 10+ staff. This may be balanced by a potential reduction in fleet car numbers.

Additional staff

There is not expected to be an increase in staffing requirements to meet remote inspection needs.

Other

Ongoing costs would be passed to consumers in consenting fees as this would be the only way for QLDC to recoup its reasonable administrative costs.

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

Travel and vehicle

Unknown as costings have not been undertaken. Any savings or additional costs would be passed directly to the customer.

Ability to do more inspections per day

Unknown.

Reduced staffing costs

No reduction in staffing requirements anticipated.

Other

Ongoing savings and costs are passed to the building consent applicant. Fees are calculated to take account of ongoing additional costs and savings and would have a neutral effect on the BCA.

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 form to building@mbie.govt.nz.

QLDC has a target of reducing greenhouse gas emissions by 44% by 2030. Each year Toitū undertakes audits to verify carbon emissions data and assess progress toward an Emissions Reduction Plan (ERP). The ERP identifies emission reduction opportunities including fully converting Council's vehicle fleet to electric.

20a. 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?

QLDC does not anticipate a return on investment as the BCA is not a profit-making enterprise. It must recoup or recover its reasonable administration costs through consent fees. If services increase and create costs, then the BCA would need to increase its fees to cover this.

20b. Do you anticipate that you will be able to reduce inspection charges for remote inspections?

Inspection charges are time based and are expected to stay the same on average. QLDC's experience is that effective remote inspections take longer than onsite inspections, absorbing any savings in travel time.

There would be potential cost saving for the few projects undertaken each year in remote areas of the district, provided they have connectivity.

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

The following factors would be considered in pursuing a prosecution for deceptive behaviour:

- Strength of evidence – providing evidence of deceptive behaviour would be difficult and would need to be strong enough to consider pursuing a prosecution.
- Demonstrated repeat offender - the BCA would only consider prosecution of repeat offenders with consideration of the level of offending.
- Costs of pursuing a prosecution – as MBIE has found, fines imposed do not generally cover costs of prosecution.³
- Prosecutorial Guidelines – these need to be followed when QLDC considers prosecution. All matters need to be considered on a case-by-case basis.

³ [The building infringement system | Building Performance](#)

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

Many building consent authorities engage Accredited Organisations (Building) to carry out consent processing on their behalf, but 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.

Please refer to page 17 in the discussion document for full detail.

22. What are the benefits, costs, and risks of building consent authorities contracting more Accredited Organisations (Building) to undertake inspections?

QLDC uses a small number of contractors to supplement the inspections team on a regular basis. The main benefit of using contractors is that it allows the BCA to respond to fluctuations in demand and ensure wait times are kept to a minimum.

Currently the cost of contractors is effectively recovered through standard inspection fees as there is a reduction in overheads such as medical leave and training costs. If additional costs were incurred from greater use of contractors, these would have to be passed onto the consent applicant.

Risks arising from the use of contractors are reliance on the contractor's competence assessments provided by the contracting company. This is mitigated through audits and reviews of contractors' work. QLDC inspectors also review a contractor's inspection as part of their pre inspection checks and raise any concerns identified.

23. What are the main barriers to building consent authorities contracting Accredited Organisations (Building) to undertake inspections? How could these be addressed?

The main barriers to contracting accredited organisations are additional costs:

- for the inspection itself
- for contract inspectors travel to and from the district, and for accommodation
- for the BCA to conduct an induction and training for each contractor.

If contract inspectors were based remotely, then the risk of defective building claims is again considered a barrier.

Without detailed options on limiting councils' liability, BCAs must take a conservative risk averse approach. This would include continuous auditing of the individual contractor's decisions which comes at a cost to the BCA and must be passed onto consent applicants.

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.

Yes

No

Unsure

QLDC considers that caution is required with this proposal. Previous schemes with private inspection companies were considered a contributing factor to 'leaky homes' and passed significant liability onto ratepayers when the companies were liquidated or deregistered due to loss of insurance.

The decision by a consent applicant to use a private certifier would likely be cost driven. However, council BCAs do not make a profit from inspections and only pass on reasonable administrative costs to the customer. If private certifiers offer a cheaper rate, the question is where the cost savings are coming from. This is likely to be shorter inspections or reduced overheads such as training and professional development.

More detail is required on options to remove or limit councils' liability as a result of the proposed changes, and to ensure that a reduction in councils' oversight is not outweighed by additional financial risk to ratepayers.

25a. Do you agree with the potential mitigations? (refer to table on page 18 of the discussion document)

Yes No Unsure

25b. Are there any other issues or mitigations we should consider?

Yes No Unsure

No further comment.

General Comments

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

Yes No Unsure

QLDC would like to see more detail and proposed options on how liability concerns are to be addressed as part of this or future consultation.

Currently, all council BCAs are joint and severally liable in any civil proceedings, and any involvement by a council BCA opens ratepayers to the risk of covering costs of a defective building claim. Councils are the most likely to be 'last person standing' and therefore liable to cover the entire cost of repair rather than its proportionate share. This framework has significantly increased debt, results in increased rates to cover that debt. Aside from costs, there is reputational damage, and public confidence in the system is reduced.

This is of particular concern to QLDC as the district has a relatively small rate payer base in comparison to the number of high value and architecturally complex buildings being developed in the area.

There is insufficient detail in this consultation paper on how a BCA could be protected from liability if it were to rely on third party inspection reports 'in good faith' or if remote inspections were mandated to be the default option. Without this detail, BCAs will opt to take a conservative and risk averse approach in order to protect ratepayers from defective

building claims.

In QLDC's view, the assumed benefits of default remote inspections to the private sector are outweighed by the increased risk to the public (ratepayer).

Overall QLDC's preference is to continue to use remote inspections when appropriate; and in person onsite inspections as the most efficient way to reduce risk, maintain a relationship with local builders, and ensure that buildings in the district are code compliant, safe, and comfortable.