MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

Regulatory Impact Statement: Improving the efficiency of building inspections

Decision sought	This analysis has been produced for the purpose of informing final Cabinet decisions on proposals to improve the efficiency of building inspections
Agency responsible	Ministry of Business, Innovation and Employment
Proposing Ministers	Building and Construction
Date finalised	10/03/2025

Regulatory proposal
Amend the Building (Accreditation of Building Consent Authorities) Regulations 2006 to ensure timely inspections by requiring building consent authorities (BCAs) to have policies and procedures to ensure they can carry out 80 per cent of inspections within three days of the date requested.
The Minister has also directed the Ministry of Business, Innovation and Employment (MBIE) to progress non-regulatory measures, including collecting and publishing wait time data, guidance and information to support training on remote inspections for inspectors and builders, standardised inspection conventions, and identifying and addressing common causes of inspection failure.

Summary: Problem definition and options

What is the policy problem?

Building inspection wait times are often cited as a reason for delays in building projects. Delays caused by long wait times can make it difficult for builders to plan with confidence and have an impact on the time required to complete building work and the overall cost of a building project. For the builder, this includes higher financing costs, and for home buyers it could mean delayed occupancy and higher rental costs.

Generally, 'wait time' is defined as 'how many days beyond their preferred timeslot an applicant must wait before an inspector can visit the site'[1]. Standalone residential houses typically have around 12 inspections – waiting for each of these can impact the overall time it takes to build.

[1] Not all BCAs use the same definition due to the range of approaches to measuring and recording data.

Currently, inspection wait times range from zero to six days[2], though this can vary across different BCAs and regions. BCAs see this as maintainable, however, wait times can lengthen when demand for building consents increases. During peak demand in 2021 and 2022, wait times of three to four weeks were reported in some areas, with Christchurch experiencing wait times of up to 33 days per inspection.

Long wait times impact consumers, builders, and BCAs. Delays affect the time it takes for homeowners to move into their new home, potentially increasing accommodation costs while waiting, or to begin to recover costs of their investment (if they are renting it out). For builders, slower completion may restrict cashflow and reduce profit.

Long wait times also make scheduling more difficult, especially if work needs to stop, as resources or people may need to be reallocated. They can make it challenging to estimate the completion time and align inspections – builders or building owners usually book an inspection before the work is complete, hoping that it will be ready in time, but if it is not, it will result in failure and will need to be reinspected.

MBIE does not have reliable information on the extent to which building work is delayed while waiting for inspections. The extent to which work could be delayed will be less than the 'wait time' as builders will typically book the inspection in advance of the work being finished and may be able to continue to work on other parts of the building. It is also common for builders and trades to work across multiple sites, minimising any 'down time'.

Factors that impact on inspection wait times

In addition to the level of building activity and short-team peaks in demand, factors that can impact wait times for inspections include:

- the number of failures and re-inspections required, either due to work not being ready or non-compliant work
- 'block booking' multiple inspections and late cancellations of those not needed[3]
- the number of inspections a BCA chooses to do – a standalone residential house typically has 12 inspections, but BCAs can choose to do more or fewer
- travel time to, from, and between onsite inspections, which can be particularly important for large, rural areas
- staffing levels and unplanned absences.

High inspection failure rates of around 20-35 per cent across BCAs mean rework is often required and can place resourcing pressure on some BCAs to direct resources towards re-inspection.

Remote inspections can support more efficient consent processes, but uptake is low

Use of new technologies such as remote inspections can support more efficient inspections. However, there is low uptake of remote inspections across BCAs – on average across the BCAs that offer them, they comprise less than five per cent of all inspections. This is due to:

- liability concerns from the risks of missing non-compliant work

[2] For all residential inspections. This is based on data provided by 20 of the 36 BCAs that submitted on the discussion document (the others did not provide data).

[3] Block booking is usually intended to get the inspection when it is needed and to allow for potential failures. This takes up inspection slots and, if they are cancelled at late notice, can make it hard to fill.

- the upfront and ongoing costs of new systems
- technological limitations, such as internet connectivity, and access to devices for builders and inspectors
- contractual implications for how inspectors work (from potentially more office-based work due to greater use of remote inspections)
- a relatively immature market for the technology, with only one established provider of real-time remote inspection technology in New Zealand.

Without further intervention to address inspection failures and improve inspection efficiency and consistency, including increasing the use of remote inspections, wait times for in-person inspections could lengthen as building activity picks up.

Cabinet has previously agreed to develop options to increase uptake of remote inspections, as part of a systems approach to reforming the building consent system

On 29 May 2024, the Cabinet Economic Policy Committee agreed to the development of a consultation document on increasing the uptake of remote inspections. This was to deliver on the Government's commitment to require councils to accept video and photo evidence of work done, and previous Cabinet decisions on the building regulatory system work programme.

The options in this Regulatory Impact Statement (RIS) focus on improving the efficiency of inspections. This analysis sits alongside other changes to the building consent system aiming to deliver on the Government's objective of housing growth and improving affordability. Related work includes enabling a risk-based approach to consenting requirements (eg self-certification and granny flats), improving efficiency and consistency in consenting processes (BCA consolidation, liability, and insurance), and ensuring occupational licensing and registration settings are fit for purpose and practitioners can be held to account.

What is the policy objective?

The primary objective of this proposal is to minimise delays through flexible and timely building inspections and provide certainty around inspection wait times, so that builders can plan with confidence and ensure inspections are scheduled for when work will be ready.

The Government has identified improving the building and construction system as one of the core enablers of its 'Going for Housing Growth' policy. This includes creating a more efficient building consent process to reduce time and cost delays, to support more affordable housing, as well as increasing the responsibility and accountability of system participants to get building work right and reducing the level of BCA oversight for lower-risk work.

What policy options have been considered, including any alternatives to regulation?

Officials have considered the following options, of which one or more may be selected:

- Status quo/do nothing
- Option 1 **(Preferred)**: non-regulatory measures, including collecting and publishing inspection wait time data, guidance and training for inspectors and builders, standardised inspection conventions, and identifying and addressing common causes of inspection failure
- Option 2 **(Preferred)**: require BCAs to complete inspections within a specified timeframe
- Option 3: require BCAs to have the systems and capability to conduct remote inspections

- Option 4: require BCAs to use remote inspections as the default approach to conducting certain inspections
- Option 5: establish a new offence to deter deceptive behaviour.

Officials consulted on options 1 and 3-5 in late 2024 (further described below).

What consultation has been undertaken?

From 2 October to 29 November 2024, MBIE sought feedback through a discussion document on options to increase the use of remote inspections. MBIE also carried out targeted consultation with a wide range of industry stakeholders and BCAs.

From the 2024 public consultation, MBIE received 248 submissions from a wide range of submitters, including BCAs, industry bodies, Accredited Organisations (Building), builders and building companies, designers, and architects.

Some of the key feedback received was:

- a Key Performance Indicator (KPI) for inspection wait times would incentivise BCAs to prioritise inspections
- a clear preference for BCAs to have remote inspection capability while retaining flexibility and autonomy over how inspections are conducted
- support for non-regulatory measures
- limited support for making remote inspections the default approach.

Most BCAs supported the remote inspections capability option, either on its own (10) or in combination with a new offence and/or non-regulatory measures (15). Seven BCAs supported non-regulatory measures on their own. No BCAs supported requiring remote inspections by default. More builders supported requiring remote inspections by default compared to other groups, but they were still relatively evenly split between options.

This consultation did not include the option of setting a KPI, which was suggested by several BCAs and developed further. MBIE undertook targeted consultation with some BCA cluster groups and industry organisations in early 2025. Key feedback was that a KPI (or maximum wait time) in regulations is a much better option than requiring remote inspections by default, as it would incentivise BCAs to focus on lower wait times while giving them flexibility for how they do so. It would also provide certainty to builders to help them plan with confidence.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

The preferred option in the Cabinet paper is the same as the preferred option in the RIS. This is to set a maximum wait time for inspections, through amending the Building (Accreditation of Building Consent Authorities) Regulations 2006, and introduce non-regulatory measures to improve inspection efficiency.

Summary: Minister's preferred option in the Cabinet paper

We engaged an external contractor to complete a quantitative cost-benefit analysis. We received a draft report on 17 March and have provided feedback on scope of what has been costed, the assumptions undermining the analysis and how the costings have been derived. We will provide updated costs and benefits after considering the final report, which is due on 31 March.

Costs (Core information)

We expect the main costs for BCAs to include:

- providing data to MBIE on inspection wait times and performance against the maximum wait time (one-off set up costs for systems, and ongoing reporting)
- updating policies, procedures, and systems (one-off and ongoing)
- implementation costs (ongoing), potentially including some or all of hiring new staff, contracting out inspection functions, staff training, and licensing of remote inspection software

Some BCAs may need to increase inspection fees to recover the costs of meeting the maximum wait time. These costs would be passed on to building owners.

Confidential advice to Government We expect these BCAs would need more inspectors (or engage contractors) in addition to any costs associated with implementing measures to increase efficiency (eg upgrading IT and licensing remote inspection software). Commercial Information

Some BCAs only visit remote areas once per week (due to low demand) and increasing the number of visits to these areas would increase costs.

Some builders may end up waiting longer for urgent inspections or re-inspections, as BCAs may be less able or willing to accommodate urgent requests if it takes resource away from delivering other inspections within the required timeframe. BCAs may also impose or increase fees for late cancellations or when work is not ready for inspection.

There is a potential (likely minor) cost to builders if they need to update or acquire technology to participate in remote inspections.

We expect the main cost for MBIE to be systems for gathering and publishing data, and developing guidance and materials to support training for builders and inspectors.

Benefits (Core information)

A package of a maximum wait time and non-regulatory measures will allow builders to book inspections closer to when they are needed and give them greater certainty for planning inspections. This should reduce the risk that work will not be ready on the date the inspection takes place, meaning there will be fewer failures on those grounds, fewer re-inspections, and lower cost of rework.

Commercial Information

It will also reduce builders' incentive to 'block book' multiple inspections of the same type, to ensure they get the slot they want. This will free up inspection slots, enable more inspections to be done each day, and support the BCA to meet the maximum wait time.

A shorter timeframe will also mean that, in cases where the builder does not book ahead, or needs to reschedule at late notice, the impact on time and cost to build will be reduced compared to longer wait times.

The proposed package will push councils to focus on eliminating inefficiencies and consider all options to reduce unnecessary delays. This could result in improved productivity (able to do more inspections per day and more efficient use inspection slots) and savings in travel time and fuel (if they choose to do more remote inspections. It will also mean fewer block-bookings and late cancellations, and reduced inspection failures, which will free up resources.

It will also offer greater support for business cases for investment to reduce wait times, and incentivise innovation in how inspections are done (eg more remote inspections, particularly for lower-risk work).

We expect the main benefit for building owners to be fewer delays and therefore a faster overall build process.

We expect the main benefit for MBIE to be better evidence to inform policy development and system monitoring. Standardised inspection conventions will also allow MBIE to develop more specific guidance and help future-proof for a new BCA structure.

Balance of benefits and costs (Core information)

Overall, we expect the costs to BCAs to comply with the preferred package of options will marginally outweigh the benefits to builders and building owners from more timely inspections. These costs will be passed on through higher inspection fees.

Opportunities to reduce wait times through efficiencies (in the short- to medium-term) are constrained by:

- competence and confidence of builders and inspectors to use remote inspection tools and limitations of the tools – remote inspections in Auckland can take 10-25 per cent longer than on-site inspections
- liability concerns (due to joint and several liability), which affects BCAs willingness to take on more risk (eg through requiring fewer inspections).

There are a range of choices available when setting the maximum wait time and the level of compliance required. These decisions will affect the quantum of benefits and costs. The Government has signalled it wants to set an ambitious target to ensure timely inspections and fewer delays. The maximum wait time can be amended through regulations if monitoring indicates it is not achieving the intended outcome.

This Regulatory Impact Analysis does not consider the impact of proposals to change the structure of the BCA system, liability settings, and occupational regulation. MBIE expects the combined impact of these reforms would help BCAs to meet the maximum wait time, by reducing the number of inspections that BCAs need to do, and how many inspections they choose to do and how they do them.

MBIE estimates between 900 to 1500 homes could be self-certified each year nationally, reducing the total annual number of inspections BCAs need to do in total by up to 18,000. Other reforms to the BCA structure and liability could provide BCAs with a greater range of options to comply, including options that enable inspectors to be used more productively (eg through fewer inspections for trusted builders).

Implementation

The performance of BCAs against the maximum wait time will be monitored through MBIE's performance monitoring and accreditation audits by International Accreditation New Zealand (IANZ).

Alongside the regulations, MBIE will also support the Minister to set clearer expectations for Councils on wait times and the use of remote inspections through a Ministerial letter.

The regulatory approach will complement and be enhanced by non-regulatory measures (Option 1), which includes updated guidance and training for inspectors and builders, collecting and publishing wait time data, standardised inspection conventions, and addressing common causes of inspection failure

Limitations and Constraints on Analysis

This RIS contains several limitations and constraints which have impacted the analysis. These include:

Short timeframes – we have engaged an external contractor to complete a quantitative cost-benefit analysis, however short deadlines have meant the final report is not yet available. This has limited our ability to quantify the impacts of the preferred option. A final report is due on 31 March.

Quality of evidence-base – there are significant gaps in the evidence base, particularly around the impact on the cost of wait times and the potential impacts of the preferred option. In particular, we lack comprehensive quantitative data on:

- the extent to which inspection wait times cause delays to building work, including from any potential 'down time', the cost of these delays, and the impact on overall build times
- the total number of inspections carried out each year
- inspection wait times across BCAs (due to inconsistent reporting and systems).

We received some anecdotal information from the sector on capability and skills, current inspection systems, and remote inspection technologies being used. However, we do not have detailed information about the potential costs of upgrading systems across BCAs, which will vary significantly depending on extent to which BCAs currently do remote inspections, the number of inspectors, and how many inspections they do.

Where quantitative data is not available, we have estimated costs and benefits based on information provided from BCAs, through targeted stakeholder engagement and comparison with comparable consent system schemes.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:
Suzannah Toulmin
Manager, Consenting and Practitioners Policy
Building System Performance
10/03/2025

Quality Assurance Statement	
Reviewing Agency: MBIE	**QA rating:** Meets
Panel Comment: An internal quality assurance panel from the Ministry of Business, Innovation and Employment has reviewed the Regulatory Impact Statement: Improving the efficiency of building inspections and assessed it against the quality assurance criteria. The panel considers that the Regulatory Impact Statement meets the quality assurance criteria for Ministers to make informed decisions on the proposals in this paper.	

Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

The cost of housing in New Zealand is too high

1. Aotearoa New Zealand has some of the least affordable housing in the world[5]. Home ownership dropped from 74 per cent in the 1990s to 66 per cent in 2023. The 2023 Census showed a marginal increase for the first time in nearly 30 years.

2. Over the 12 months to June 2023, average housing costs per week increased 14.5 per cent. Data from 2023 shows over a quarter of households that do not own their home now spend more than 40 per cent of their income on housing[6].

Figure 1: Change in Housing Affordability Index (Ministry of Housing and Urban Development)

Building inspections help to ensure compliance with the Building Code

3. There are no requirements in the *Building Act 2004* (the Act) for building consent authorities (BCAs) 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 (CCC). A CCC is a formal statement issued under section 95 of the Act, that building work carried out under a building consent complies with that building consent.

4. A BCA may supplement or substitute inspections with other measures to satisfy itself that the building work will be carried out in accordance with the consent (such as a report from a chartered professional engineer.

5. A BCA will usually determine what inspections are required when issuing the building consent. The number and type of inspections will vary depending on the design of the build, location, and the BCA responsible for inspecting the work. A single detached dwelling could have around 12 inspections at various stages of the building work.

[5] OECD (2020) How's Life? 2020: Measuring Well-being. OECD Publishing, Paris
[6] Statistics New Zealand (2023) https://www.stats.govt.nz/information-releases/household-income-and-housing-cost-statistics-year-ended-june-2023/

6. BCAs are responsible for developing their own policies and procedures for managing and performing inspections. This includes the booking process, how the inspection is carried out, what happens if it fails, and the inspection fees.

7. The building owner is responsible for booking most inspections and often need to do so in advance of when they need the inspection. Builders and installers can arrange inspections relevant to their work.

Waiting for inspections can add to the time and cost to build

8. Delays caused by long wait times can make it difficult for builders to plan with confidence and have an impact on the time required to complete building work and the overall cost of a building project.

9. Long or uncertain wait times make it challenging to estimate the completion time and schedule inspections appropriately, which means work may not be completed in time. 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).
10. Regulatory delays, including delays waiting for inspections and processing variations to consents, are also often cited as a reason for delays in building projects. Inspections will usually need to be carried out sequentially and each inspection passed before work can continue on the relevant parts of the building.

11. These delays increase the cost of a building project, which reduces the sector's capacity to supply affordable housing. As noted in the limitations, we are not able to quantify the impact of wait times on actual delays and therefore the time and cost to build[7].

There is a range of factors that impact inspection wait times

12. In addition to the level of building activity and short-team peaks in demand, there are several other main factors that can impact wait times for inspections:

    - **The number of inspections a BCA chooses to do:** The number of inspections can vary from one BCA to another, depending on their view of risk. BCAs may require fewer inspections for simple builds by trusted builders or more inspections inspection for more complex builds. Auckland Council alone carries out approximately 4,000 inspections per week and 200,000 inspections per year[8] (for 40 per cent of all consents nationwide).

    - **Staffing levels and unplanned absences:** Low inspection capacity among BCAs, especially during times of high demand, can lengthen wait times. We have heard that many BCAs shared inspectors to help deal with high demand post-COVID-19. Anecdotal evidence from BCAs suggests that there is a lack of qualified inspectors in New Zealand. Further, inspectors have different competencies and may not be qualified to conduct certain types of inspections, meaning longer wait times for more complex inspections (eg final inspection) or dealing with different inspectors for the same project, which can lead to inconsistencies.

[7] This is because many builders will book inspections well in advance, and because builders and trades usually work across multiple sites. We lack data on how much actual delay exists due to work stopping.
[8] For all residential buildings, not only standalone dwellings.

- **The number of failures and re-inspections required:** Building work can fail an inspection due to administrative failures, such as not having the right paperwork on site, or more serious reasons, such as the work not being compliant with the Building Code. Inspection failure rates currently sit at 20-35 per cent across all BCAs. A failed inspection can increase the time it takes to complete a build. At a minimum, a failed inspection means the builder needs to book another inspection slot, which adds time[9].

- **'Block booking' of inspections and late cancellations:** It can be common for builders to book several inspections at a time and later cancel those they do not need, on the expectation that they will fail and require a follow up inspection once work has been remediated, or because they are unsure when the work will be ready[10]. Auckland Council reports that close to half of the booked inspections are later cancelled by the applicant.

- **Travel time to, from, and between onsite inspections:** Inspectors usually conduct multiple inspections each day. The time it takes an inspector to travel from one site to another, and the need to account for this in planning the day, can impact on wait times. This is particularly important for local authority BCAs that cover a large area. For example, information from Mackenzie District Council shows a driving time of around three hours per inspection, while Marlborough District Council reports that it has saved over 36,000 km in travel distance to building sites since August 2021 through doing more inspections remotely.

- **Inconsistent inspection conventions and practices:** There is no nationally consistent naming convention or scope of what is covered by each inspection type. BCAs can also take their own approach to how and when they inspect different types of building work, as well as how they interact with different building professionals. This also applies to whether remote inspections are available and when a BCA may do them. This creates uncertainty for building professionals around what an inspection might cover and what is needed to pass (eg what documentation the inspector may need to see).

Residential building activity, and therefore the number of inspections, is forecast to increase over the next five years

13. Consents for new homes peaked at 51,015 in the year ending May 2022, an increase from 37,024 in the same period in 2020 (27.4 per cent increase). This was largely due to the response to COVID-19. Since this peak, consents for new homes have fallen to 33,600 in the year ending December 2024, a 34.1 per cent decrease and 9.8 per cent down from the previous year.

14. In the short- to medium- term, it is likely that the building and construction sector will recover from the recent downturn. The number of new dwelling consents is forecast to increase steadily over the next couple of years before rising to 37,000 in 2028 and over 40,000 in 2029[11].

[9] Consultation on the granny flats proposals indicated that some building professionals use inspections in place of quality assurance processes to identify work that does not comply with the Building Code.
[10] https://www.mbie.govt.nz/assets/evaluation-of-the-building-consent-system.pdf
[11] https://www.mbie.govt.nz/dmsdocument/29978-national-construction-pipeline-report-2024-pdf

Inspection wait times are currently low but will likely increase

15. As outlined above, consents for new homes peaked in 2021 and 2022 due to the COVID-19 response. During this time, wait times of three to four weeks were reported in some areas, with Christchurch experiencing wait times of up to 33 days.

16. Inspection wait times are currently around zero to six days, although this can vary across different BCAs and regions and by inspection type. These shorter wait times are largely due to lower levels of building activity compared to the earlier peak. BCAs see this as maintainable for the next two to three years.

17. However, wait times can lengthen when demand for building consents increases. Consents for standalone houses alone are forecast to increase to 22,440 by 2029. Assuming no change to the average number of inspections per house, this will mean 269,280 inspections and 33,660 person days, an increase of 10,160 compared to today[12].

18. Although this is not as high as the 2021-22 peak, without further intervention to address inspection failures and improve inspection efficiency and consistency, including the use of remote inspections, this could mean long wait times for in-person inspections.

New technologies, including remote inspections, can support more efficient inspection processes but have limited uptake at present

19. Remote inspections can offer benefits to BCAs and building owners. They can save on travel time for inspectors and allow them to perform more inspections per day, as well as help produce detailed reports. A case study of remote inspections in the Mackenzie District showed that a driving time of around three hours per inspection could be saved by doing an inspection remotely[13]. Marlborough District Council also reports that, since August 2021, it has undertaken approximately 1,200 inspections remotely, which has saved over 36,000 km in travel distance to building sites. Confidentiality

20. There are two main methods of remote inspection, summarised below:

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 like 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 it for compliance soon after it is uploaded. This approach is well suited to lower risk work and 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.

[12] Based on forecasts from the National Construction Pipeline Report 2024, consents for standalone houses over the last two years were around 15,700 per year. Assuming each house has 12 inspections, and an inspector can do eight inspections per day, this represents 188,400 inspections per year and 23,500 person days (excluding leave, administrative time, professional development).
[13] https://www.building.govt.nz/about-building-performance/transcripts/transcript-remote-inspection-mackenzie-district

21. However, the market for remote inspection technology is relatively young, with only one established provider of real-time remote inspection technology.

22. While COVID-19 lockdowns caused a spike in the use of remote inspections, levels of uptake still vary across the country, with some BCAs regularly using remote inspections, while others do not use them at all.

[redacted]

24. Overall, approximately one third of BCAs that responded to the public consultation[14] offer remote inspections, but they comprise less than five per cent of all inspections. A few BCAs have offered real-time remote inspections in the past, with some experiencing uptake during COVID-19 lockdowns [redacted]

25. MBIE published guidance in July 2024 to assist BCAs to make informed decisions when adopting remote inspection technology and to inform the sector on what to expect from different remote inspection approaches[15]. It is too early at this stage to assess what impact this guidance will have.

26. Uptake of remote inspections may increase as the technology improves and new providers enter the market. However, it is likely that without further intervention, uptake will remain low and practices across the country will continue to vary.

Relevant government decisions

27. The Government's 100-point economic plan includes a commitment to '*streamline building consents and make construction more efficient by requiring councils to accept video and photo evidence of work done*'.

28. In March 2024, Cabinet agreed to a work programme to deliver an efficient, competitive building regulatory system, which included remote inspections. On 29 May 2024, the Cabinet Economic Policy (ECO) Committee agreed to the development of a consultation document, including options to require BCAs to use remote inspections as the default approach to inspections.

29. The options in this RIS focus on improving the efficiency of inspections through increasing uptake of remote inspections and non-regulatory initiatives to lift inspection productivity.

[14] MBIE received submissions from 36 of the 67 building consent authorities.
[15] https://www.building.govt.nz/assets/Uploads/building-officials/guides/remote-inspection-guidance-for-building-consent-authorities.pdf

Other initiatives that could help reduce the time and cost to build

30. This analysis is part of a systems approach to reduce red tape by streamlining building consent systems and processes to deliver housing growth and improve affordability. Related work includes enabling a risk-based approach to consenting, improving efficiency and consistency in consenting, and ensuring occupational licensing and registration settings are fit for purpose.

Decisions already made	**Ongoing work**
• The Building (Overseas Building Products, Standards, and Certification Schemes) Amendment Bill intends to improve competition in the building materials market by making it easier for overseas products to be used in New Zealand. • Amending regulations to clarify the definition of 'minor variation' to make product substitution more predictable and consistent, and defining 'minor customisation' for MultiProof to allow minor design changes without voiding a certificate. • Exempting granny flats (standalone buildings less than 60m^2) from requiring a building consent and strengthening occupational licensing regimes (*work is ongoing on implementation and legislative changes*).	• Amending the *Plumbers, Gasfitters and Drainlayers Act 2006* to enable plumbers and drainlayers to self-certify for simple residential work. • Amending the *Building Act 2004* to enable building companies to self-certify for whole simple residential buildings. • Investigating a single national BCA and single point of contact models, as well as the liability implications of such a change. • Confidential advice to Government • Strengthening occupational regulation to lift practitioner performance.

31. These workstreams can all help to lower the time and cost to build by improving wait times, reducing delays, and enhancing consistency within and between BCAs. Some of these proposals (eg self-certification, granny flats) will reduce the proportion of new building work that is subject to inspections while others (eg BCA reform, liability) could impact how many inspections BCAs choose to do for each build and how they do them.

32. This Regulatory Impact Analysis does not consider the impact of these proposals to change the structure of the BCA system, liability settings, and occupational regulation, as no policy decisions have been made on these proposals.

What is the policy problem or opportunity?

Long wait times impact builders, consumers, and building consent authorities

33. Any delay or hold-up in the building process has a knock-on effect for all involved, increasing overall build costs which leads to rising house prices. MBIE estimates the cost of a one-week delay at around $2,047 per project ($409.40 per working day)[16].

34. Delays on inspections impact homeowners and consumers, affecting the time it takes for them to move into their new home, have their renovation completed, or begin to recover costs of their investment if they are renting a property out.

35. For the builder, faster completion may improve cashflow and it enables overheads to be spread over more projects, thereby increasing profit. For the owner, quicker construction may result in lower accommodation costs while waiting to move in.

36. Long wait times make it challenging for builders to estimate the completion time for work and align the inspections appropriately. This means building work is often not completed in time for inspections and results in failures on those grounds. BCAs agree this is an issue and inspectors can often turn up to building sites and find that the work to be inspected is not complete[17].

37. Long or uncertain wait times also make scheduling more challenging. A long wait time does not necessarily mean that work must stop, as builders can book ahead to ensure an inspection is scheduled when they need it or continue to work on other parts of the building or another site.

38. However, if work does need to stop to wait for an inspection, building professionals may need to reallocate resources to different sites, arrange for subcontractors to return once the inspection is passed, or re-schedule or extend when they need certain materials or equipment. For example, a project manager may need to account for possible delays when planning how long they need scaffolding for.

39. Under the status quo, builders may need to start planning for inspections two to four weeks in advance to account for delays in the project itself and from missed or failed inspections. It is common for lead contractors, subcontractors, and suppliers to build in margins to account for project delays.

40. Similarly, long wait times incentivise ‘block booking’, which is discussed further in paragraph 12. If a builder knows they must wait for an inspection, they are more likely to book multiple inspections further in advance and later cancel the ones they do not need. This can create further delays.

Remote inspections provide an opportunity to improve efficiency but there are barriers to its uptake

41. Remote inspections can make it easier, faster and cheaper to build by enabling BCAs to carry out more inspections per day. By reducing the need to travel to site (saving on time, fuel costs, and vehicle emissions), offering greater flexibility for inspections to be done

[16] Internal analysis based on 2012 BRANZ report (SR259 Value of time savings in new housing) and adjusted for inflation. The BRANZ research is based on the cost of new dwellings.
[17] MBIE, Evaluation of the Building Consent System, 2022, https://www.mbie.govt.nz/assets/evaluation-of-the-building-consent-system.pdf

once work is ready, and speeding up certain inspections (eg re-inspections or simple elements), remote inspections 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.

42. However, there are several barriers to greater use of remote inspections:

- **Limitations and risks of technology**: responses to public consultation highlighted that many people are concerned about the risk of non-compliant work or defects being missed, and the suitability of some building work to be inspected remotely, such as where physical testing is required (eg moisture testing) or for complex work.
- **Confidence in technology**: there is uncertainty around whether a remote inspection can be done efficiently and effectively or whether an on-site inspection would be quicker. There is evidence that remote inspections can take longer than on-site inspections in some instances (eg where inspectors have to re-direct the builder on site, or if it is difficult to see a particular item via video). Auckland Council reports that remote inspections can take 10-25 per cent longer than on-site inspections (not accounting for travel time).
- **Liability concerns**: many BCAs are concerned about the liability implications of, and the greater level of risk associated with, remote inspections. Under the joint and several liability rule, BCAs that provide a consent are jointly and severally liable with other parties, if they are found to be negligent in carrying out their role. Since BCAs are often the "last person standing", they have tended to carry a significant share of the costs of settlements and can end up liable for the whole cost of remediation (in the case of defective work being missed) if one or more other party is not able to contribute their share.
- **Inertia and uncertainty**: familiarity bias in favour of on-site inspections may be contributing to a lack of interest from builders at present, although this can change if inspectors cannot travel to site or wait times lengthen significantly (eg during COVID-19). While some BCAs may look to use remote inspections more, others are unlikely to take them up even as the technology improves. This could be influenced by technological limitations (as above), the time it will take to become confident is using the technology, and the limited options available in the market.
- **Cost factors**: there can be significant upfront and ongoing costs to BCAs to adopt remote inspections. This includes the cost of the technology or software itself, establishing consent systems that can incorporate remote inspections, and training for inspectors to do inspections remotely. Funding pressures within Councils can make it difficult to get the upfront investment required for things that could enable the BCA to be more efficient and reduce wait times. There are also potential implications for how inspectors work (ie more office-based inspections rather than on-site), which could impose costs on BCAs to hire new staff or update working arrangements.

Poor feedback loops and uncertainty prevent systematic issues from being addressed

43. Poor feedback loops, whereby the system is dependent on individual inspectors and builders talking to each other about issues and how to improve, make it difficult to determine what system-level interventions may be required, such as changes to competency settings or professional development. This means participants often make

the same mistakes. For example, we have heard that there are often issues with junction details[18], which could lead to weathertightness issues if not rectified.

44. Further, while MBIE does not currently have reliable data on the common reasons for failed inspections, we have heard that inspections can fail because the builder does not have the right documentation on site (eg there may be no record of site notes from the engineers responsible for construction monitoring).

45. While this may appear relatively minor, it indicates that some builders may not have a good understanding of what inspectors will be looking for during an inspection, and what documentation may need to be reviewed. This means inspections may fail because the builder is not fully prepared. This could be exacerbated by inconsistent naming conventions and differences in scope for inspection types across BCAs.

What objectives are sought in relation to the policy problem?

46. The primary objective of this proposal is to minimise delays through timely and flexible inspections. This will provide certainty around inspection wait times to support builders to plan with confidence and ensure inspections are scheduled for when work will be ready.

47. Timely and flexible inspections will enable faster building and less cost overall to build (from time, labour, materials). This means more affordable housing and also supports the Government's 'Going for Housing Growth' policy. This proposal is part of a package of proposals to streamline the building consent system and make it quicker, easier, and less expensive to build.

What consultation has been undertaken?

48. MBIE released a discussion document seeking feedback on options to increase the use of remote inspections, which was open for public consultation from 2 October to 29 November 2024. MBIE also carried out targeted consultation with a wide range of industry stakeholders and BCAs.

49. The options consulted on were:

    a) review remote inspection guidance, address failure rates and/or publish wait times (non-regulatory)

    b) require BCAs to have the systems and capability to conduct remote inspections

    c) require BCAs to use remote inspections as the default approach to conducting inspections

    d) create a new offence to deter deceptive behaviour (stand-alone or complementary option).

50. MBIE received 248 submissions from a wide range of submitters, including BCAs, industry bodies, Accredited Organisations (Building), builders and building companies, designers, and architects.

[18] A junction is where materials meet or change direction and can be a weakness in the weathertightness of the building envelope.

51. Most submitters agreed with the opportunity, risks, and barriers to remote inspections.

52. Submitters acknowledged there are barriers to BCAs doing more inspections remotely but that remote inspections should be used more than they currently are because they can save time through, for example, fewer delays or fewer inspections, and reduced travel time for inspectors.

53. Many builders had no concerns with using remote inspection technology, but noted that it needs the right training, systems, and clear responsibilities.

54. However, most submitters also argued that remote inspections should be approached carefully. Reasons for this included:

    - a greater risk of non-compliant work being missed, either from poor builder competence or deceptive behaviour, meaning higher failure rates and/or increased cost of remediation
    - some work not being suitable to be inspected remotely
    - remote inspections taking longer than on-site inspections
    - missing out on the benefits of on-site inspections, particularly the interpersonal connections with inspectors and the ability to discuss potential issues ahead of time.

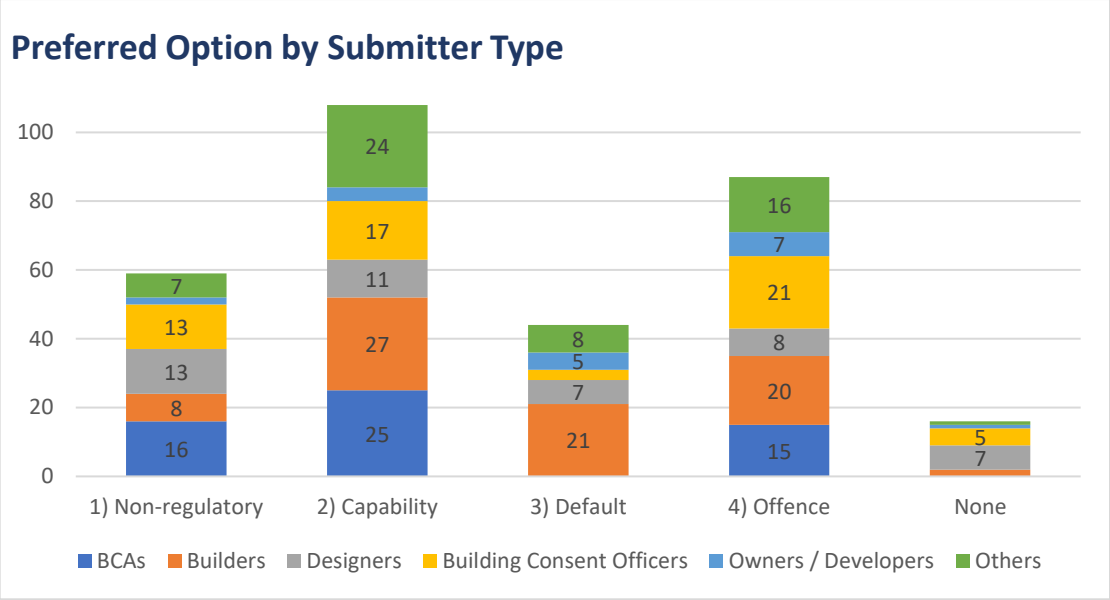
55. Regarding the options and a preferred approach to remote inspections, submissions revealed some key themes:

    - several BCAs proposed a Key Performance Indicator (KPI) for inspection wait times as an alternative option to incentivise BCAs to prioritise inspections
    - a clear preference for BCAs to have remote inspection capability but retain the choice of inspection method
    - support for improving wait times through non-regulatory measures
    - limited support for making remote inspections the default approach.

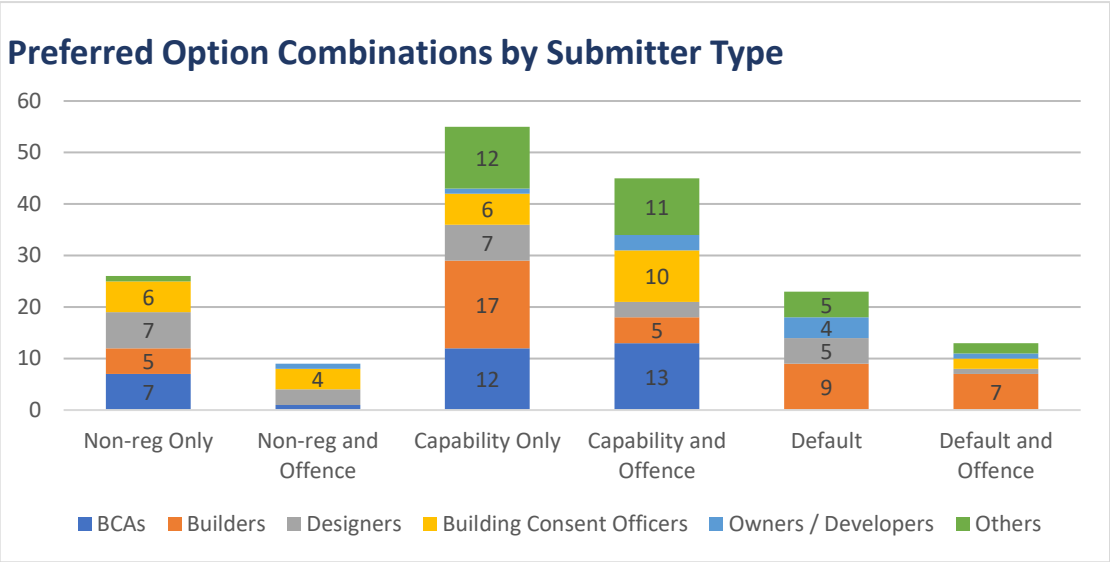
56. In terms of support for the various options, most submitters supported requiring BCAs to have the systems and capability to conduct remote inspections (106) and a new offence to deter deceptive behaviour by building professionals (87). The non-regulatory measures and requiring BCAs to use remote inspections as the default approach were supported by 60 and 44 submitters respectively.

57. Most BCAs supported the remote inspection capability and new offence options, though some preferred non-regulatory measures. No BCAs and very few individual consent officers supported requiring remote inspections by default.

58. While more builders supported requiring remote inspections by default compared to other groups, they were still relatively evenly split between requiring by default, requiring remote inspection capability, and a new offence. Designers were also evenly split between all four options. Very few submitters selected ‘none’.



59. The most common combination of options (after capability alone) was requiring BCAs to have the capability and a new offence for deceptive behaviour (45). This includes submitters who both did and did not select non-regulatory measures as part of their preferred package.



60. Further targeted engagement was carried out in early 2025 with some BCA cluster groups and industry organisations on the alternative proposal to set a maximum wait time for inspections.

61. Key feedback was:

- A five day wait time (80 per cent of the time) is reasonable and achievable. BCAs are largely achieving this now and believe they can continue doing so, and the 80 per cent compliance rate allows for scenarios where there are valid reasons an inspection cannot be done (eg an issue from a previous inspection is unresolved, a notice to fix has been issued, or a natural hazard or emergency event). A maximum wait time also provides builders certainty to plan when inspections are needed.

- A three day wait time would be challenging for many BCAs to meet and they would likely require additional resources. It is likely that BCAs would need to increase inspection fees to meet the cost of complying with the shorter timeframe.
- Amending regulations to set a maximum wait time is a much better option than requiring remote inspections by default. This is because it gives BCAs flexibility in choosing how to lower wait times (including potentially using remote inspections where suitable) and it provides a stronger incentive than a Ministerial expectation (or other non-regulatory approach).

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

62. MBIE has considered the following key criteria in its assessment of options:

    - Time and cost to build – the option improves the timeliness of inspections and the building consent process overall and reduces cost.
    - Consumer confidence – building owners can be confident that the option supports buildings that comply with the Building Code and are safe, healthy and durable.
    - Flexibility – the option itself is flexible and supports the consent system to be responsive and continually improve through system monitoring and good information flows.
    - Ease of implementation – the option is simple and practical to implement, and the transition is smooth.

What scope will options be considered within?

63. The Government's 100-point economic plan includes a commitment to 'streamline building consents and make construction more efficient by requiring councils to accept video and photo evidence of work done'. In March 2024, Cabinet agreed to a work programme for improving the building regulatory system, which included remote inspections. On 29 May 2024, the Cabinet ECO Committee agreed to the development of a consultation document on increasing the uptake of remote inspections.

64. As outlined in paragraphs 30-32, these options sit alongside other proposed system changes that will impact the time and cost to build. This includes self-certification, granny flats, BCA reform, liability and insurance, and occupational licensing and registration settings.

65. The options considered in this RIS include those that were developed to deliver on these decisions and were consulted on in late-2024 (see paragraph 50). These options were informed by previous public consultations and subsequent direction from the Minister for Building and Construction. This includes non-regulatory options.

66. Several BCAs suggested an additional option of a KPI for inspection wait times in their submissions. Officials have carried out further policy work and targeted consultation with BCAs and key industry organisations to develop this option, which is Option 2 in this RIS. This option was tested with the Minister in February 2025, who agreed to the approach and the broader focus on improving the efficiency of inspections.

67. Some of the options are non-exclusive (ie they could be chosen alongside other non-exclusive options). The only exclusive options are requiring BCAs to have the systems and capability to conduct remote inspections (option 3) and requiring BCAs to use remote inspections as the default approach to conducting certain inspections (option 4), as option 4 would require BCAs to have remote inspection capability.

What options are being considered?

Status Quo / Counterfactual

68. Under the counterfactual, BCAs would retain discretion over their policies, processes, and systems for carrying out inspections, including if and when they carry out inspections remotely.

69. Inspection wait times will remain in the range of zero to six days in the short-term but may stretch out as building activity picks up from 2027.

70. The uptake of remote inspections – both the number of BCAs using them and as a proportion of inspections overall – may increase as the technology improves, new providers enter the market, and inspectors and builders become more confident using remote inspection tools. However, barriers to uptake will mean that the potential efficiencies offered by remote inspections are not realised.

71. The time spent to carry out re-inspections (of work that failed at first inspection) – irrespective of how they are done – will continue to be an unnecessary drain on inspection resources and the ability to provide efficient and timely inspection service.

Option One – Non-regulatory measures (collecting and publishing wait time data, guidance and training for inspectors and builders, standardised inspection conventions, and identifying and addressing common causes of inspection failure)

72. This option would include introducing all the following non-regulatory measures:

    a) **Collecting and publishing wait time data:**

    In April 2024, MBIE began collecting and publishing data on the performance of this building consent system on a quarterly basis[19]. This data is currently limited to compliance with statutory timeframes for making decisions on applications for building consents and code compliance certificates. MBIE could build on this performance monitoring to collect and publish data on inspection wait times. This would provide greater transparency and public accountability at a local level, and enable builders to know how far advance they may need to book to avoid having to wait.

    b) **Guidance and training for inspectors and builders on remote inspections:**

    This option would see MBIE review and update its existing guidance on remote inspections[20]. MBIE would develop additional guidance based on feedback from BCAs to address barriers to uptake.

    MBIE would also develop content for (and partner with the sector to provide) training on how to undertake remote inspections, to enable remote inspections to be done more quickly with fewer risks.

[19] https://www.mbie.govt.nz/building-and-energy/building/building-system-insights-programme/building-consent-system-performance-monitoring
[20] https://www.building.govt.nz/assets/Uploads/building-officials/guides/remote-inspection-guidance-for-building-consent-authorities.pdf

c) **Standardising inspection conventions**:

MBIE would develop guidance on a set of standardised inspection conventions, which BCAs would be encouraged to adopt, in order to comply with regulation 7(2)(e) of the Building (Accreditation of Building Consent Authorities) Regulations 2006[21].

This would include standardised naming conventions, clear description of the scope of what will be inspected at each stage of the process, and a standardised checklist, available to both inspectors and builders that will include any other requirements, such any documentation that will be required to be provided to the inspector.

This option would support a more consistent and predictable inspection process for builders, and the sharing of inspection resource across BCAs. It could help builders to make sure the work is ready for inspection, which could reduce the number of inspection failures due to work not being ready, or builders not having the appropriate documentation, such as the site notes from engineers.

d) **Identifying and addressing common reasons of inspection failure:**

MBIE would also collect and analyse data on common causes of inspection failure and use this information to develop guidance or information for builders to help reduce failure rates.

Insights would also be shared with the occupational regulators (eg the Building Practitioners Board, the Plumbers, Gasfitters and Drainlayers Board) for their information when considering competency settings and continuing professional development requirements.

Option Two: Require BCAs to complete inspections within a specified timeframe

73. To be accredited, a BCA 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.

74. This option would amend the Building (Accreditation of Building Consent Authorities) Regulations 2006 to require BCAs to have policies and procedures to ensure they can carry out inspections within a specified timeframe, as a condition of accreditation.

75. There is a range of options for where the maximum wait time could be set, and it could be amended if monitoring indicates it is not achieving the intended outcome. The Minister has directed that the maximum wait time be set at three working days. Targeted consultation has indicated that a three day wait time would have higher costs and higher benefits than a five day wait time.

76. International Accreditation New Zealand (IANZ) would monitor and enforce compliance through the existing two-yearly accreditation assessments of BCAs. This includes assessing whether the policies and procedures are fit for purpose, and whether they are being consistently and effectively implemented. Failure to comply with the proposed timeframes would result in a non-compliance recorded. Any BCA that fails to address any non-compliances within a specified timeframe risks having their accreditation revoked.

[21] This regulation requires BCAs to have policies and procedures for planning, performing, and managing inspections

The same process is used to enforce BCA compliance with statutory timeframes for processing applications for consent and code compliance certificates.

77. MBIE would also be able to request IANZ to carry out an out of cycle assessment, if its monitoring of inspection wait time data revealed issues with the performance of one or more BCAs.

78. MBIE would update its guidance on the BCA accreditation scheme, to include guidance for BCAs on how to comply with the new requirement and the potential approaches BCAs could take to improve efficiency and reduce wait times. This could include:

- greater use of remote inspections
- reducing the number of inspections for trusted builders
- reducing inspections for low-risk work and re-inspections
- guidance on how to disincentivise 'block booking', late cancellations, and/or not being ready for inspection
- reallocating resources (eg training processors to inspect)
- hiring more staff
- contracting out inspection functions
- sharing arrangements with other BCAs to undertake onsite inspections and/or remote inspections.

79. Officials considered statutory and non-regulatory approaches for setting a maximum wait time.

80. A regulatory approach is preferred as it provides a stronger incentive to BCAs to lower wait times, greater clarity around performance expectations for inspections, and stronger support for business cases for investment in systems and processes.

81. While a similar outcome would be achieved through setting a maximum wait time in the primary legislation, consequential amendments would have been required (as there is currently no legislative requirement for BCAs to undertake inspection). Setting the maximum wait time in regulations means it can be more easily amended if required.

Option Three – Require BCAs to have the systems and capability to conduct remote inspections

82. This option would amend the accreditation regulations to require BCAs to have the policies, procedures, and systems to be able to conduct inspections remotely, as a condition of maintaining accreditation. Like option 2, this option would be monitored and enforced through IANZ's accreditation assessments.

83. BCAs would be able to comply by ensuring they have in-house capability to provide inspections remotely, or arrangements for another BCA or third party to provide remote inspections on its behalf. However, BCAs would retain discretion on when they inspect remotely.

84. Building owners will have confidence that risks are being managed, and that their homes will be healthy, safe, and durable.

Option Four – require BCAs to use remote inspections as the default approach to conducting certain inspections

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

86. Regulations could specify the inspection types or criteria for which inspections should be carried out remotely. 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 BCAs and the sector become more confident and skilled in the use of remote inspection tools.

87. There would be some exclusions from the default requirement, such as 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.

88. BCAs would still need to be satisfied on reasonable grounds that the work has been carried out in accordance with the building consent, before issuing a code compliance certificate. There would be no change to BCA liability under this option. However, inspectors would retain the ability to follow up with an on-site inspection[22].

Option Five – Establish a new offence to deter deceptive behaviour

89. It can be easier to hide or disguise non-compliant work during a remote inspection.

90. This option would create a new offence to deter deceptive behaviour that could result in non-compliant work passing an inspection. The offence would relate specifically to deliberate actions to hide, disguise, or otherwise misrepresent non-compliant building work, such as providing images of other completed building work, or trying to prevent the inspector from seeing certain aspects of the work.

91. Prosecution could be in addition to any disciplinary action a regulated practitioner may face. For example, licensed building practitioners are required to comply with a code of ethics and failure to comply with the code of ethics can result in disciplinary action.

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

How do the options compare to the status quo/counterfactual?

	Status Quo	Option 1 – Non-regulatory measures	Option Two – Require BCAs to complete inspections within a specified timeframe	Option Three – BCAs have systems and processes for remote inspections	Option Four – Require remote inspections by default	Option Five – New offence
Time and cost to build	0	+ + Publishing wait time data allows comparison across BCAs and incentivises measures to keep wait times low. Standardised inspection conventions and addressing common causes of failure would help builders to be better prepared for onsite and remote inspections. This could, in turn, reduce delays associated with rework and re-inspections, and free up resources to provide more timely inspections. Guidance and training would support remote	+ Supports business case for investment in systems and processes to deliver more timely inspections. Ensures local authority BCAs prioritise inspections. Enables builders to plan with confidence, knowing how far to book ahead and avoid pausing work. Risk that inspection costs rise as BCAs may need to recover costs of meeting wait time. However, option provides flexibility for lower cost solutions to deliver.	+ Would enable more flexible and timely inspections, or lighter touch approach for lower risk work. May enable more inspections to be done per day in some areas, due to less travel time. May provide builders in rural areas more choice for when inspections can be booked. Extent to which BCAs use remote inspections (and impact on wait times) will continue to be limited by barriers discussed in section 1. Inspection fees may need to increase to cover set up and implementation costs.	0 May enable more inspections to be done per day in some areas. Inspections may take longer, which could outweigh any travel time savings. Inspectors may need to schedule on-site follow-up inspections if they cannot adequately do inspection remotely (further delays). Would make it harder for inspector and builder to proactively identify and address potential issues, which could cause delays and need for rework. May create perverse incentives (eg BCAs adding inspections).	0 May give BCAs more confidence to offer remote inspections. However, the extent to which BCAs use remote inspection tools (and impact on wait times) will continue to be limited by barriers discussed in section 1.

		inspections to be done more quickly.				
Consumer confidence	0	+ Could provide building owners with greater confidence that work will be done right first time, if evidence shows failure rates decreasing due to information/education. Building owners can be confident in the reliability of remote inspections.	0 Building quality maintained as BCAs encouraged to take most suitable approach to inspections.	0 Some risk that defects or non-compliant work would be missed, but BCAs would have choice on when to inspect remotely.	– – Greater risk that non-compliant work or defects not identified during remote inspection, where on-site inspection would have been more suitable. This would require the owner to organise for the builder to return and rectify defect.	0 Would deter deceptive behaviour and enable building owners or BCAs to hold builders to account.
Flexibility	0	+ Publishing data on inspection wait times and providing guidance to help reduce failure rates will support continual improvement.	+ Targets desired outcome while providing for flexibility and choice about how to deliver it. Setting a maximum wait time rather than prescribing a particular technology solution encourages ongoing improvement. Maximum wait time could be updated over	+ Would provide greater flexibility for how inspections are carried out in areas that do not currently offer remote inspections. Policies and processes can be easily amended as technology improves. BCAs could lose accreditation if they do	– – Builders cannot do other work while inspection is ongoing. Would make it more difficult for inspectors and builders to problem solve and find compliant solutions. Prevents BCAs from determining on a case-by-case basis which inspection method	0 Would enable BCAs to appropriately respond to deceptive behaviour.

			time to reflect changing situations.	not have policies for remote inspection.	would be most efficient and effective.	
Ease of implementation	0	0 More certainty and clarity for builders about how far in advance they need to book an inspection. Easy to implement.	0 Provides greater clarity about performance expectations for doing inspections. Provides flexibility for BCAs to implement simple and practical measures to achieve the wait time. Some BCAs already have internal wait time targets, making transition easier. Should be easy to comply once reporting systems are in place. Some BCAs may incur additional cost to implement measures to achieve the required wait time.	– Set up and implementation costs to introduce or update policies, procedures, and systems may outweigh benefits in some areas. This could change as technology improves and providers enter market. Enforcing compliance may be challenging, as some local authorities may be unwilling to invest in new technology without certainty on the outcome BCA reform.	– – Most complex option. Potentially higher set up and implementation costs than option 3, and same enforcement challenges. Requires defining inspection types and carve-outs for when remote inspections are not suitable (no legislative requirement to inspect). Some BCAs may need to renegotiate employment contracts (where contracts are field based) or recruit additional staff to do remote inspections. Some builders may need new devices.	0 Would help clarify builders' responsibilities and the consequences of engaging in deceptive behaviour. However, would be challenging and costly to prove intent.
Overall assessment	0	+4	+2	+1	-6	0

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

92. MBIE considers a package combining the elements of options 1 and 2 will be the most efficient and effective way of achieving the objective of minimising wait times through flexible and timely inspections.

93. The package will:

- provide strong incentives for BCAs to deliver lower wait times, while providing flexibility to implement lower cost solutions (eg through doing more inspections remotely, taking a more-risk based approach to how many inspections are required, recruiting more inspectors, or entering arrangements for other parties to do the inspections)
- enable builders to plan with confidence, as they will have more certainty about how far in advance they need to book to ensure work can progress without delay
- support builders to be better prepared for inspections and reduce risk of inspection failure and the need for re-inspections. The package will ensure builders have greater clarity about what the inspection will cover and what the inspector will be looking at, any documentation the inspector may need to review, and how to avoid some common compliance errors.
- ensure remote inspections can be done more quickly and effectively, including through more targeted guidance and training
- ensure building work progresses as quickly as possible, with timely inspections and fewer re-inspections. For building owners, this means a faster overall build process, ensuring they can occupy the building faster, resulting in reduced rental costs and/or faster repayment on investment.

94. While some of these benefits could be achieved through a non-regulatory package, combining the non-regulatory measures in option 1 with a maximum wait time for inspections will ensure BCAs prioritise the delivery of inspections over other outcomes (such as reducing costs through fewer inspectors). It will also support business cases for investment in processes and systems that will improve productivity and enable more inspections to be done per day, which will mean lower wait times for builders.

95. While option 3 (require BCAs to have the systems and capability to conduct remote inspections) scored higher than the counterfactual, it would not offer any additional benefits over what can be achieved through either option 1 or 2 on their own.

96. Requiring BCAs to have policies, procedures, and systems to carry out remote inspections (option 3) could result in greater use of remote inspections and lower wait times compared with the counterfactual. However, it would be unlikely to offer any additional benefit over either option 1 or 2. It is also not clear that the benefits would outweigh the initial and ongoing costs (particularly for smaller BCAs with low consent volumes). The need for regulatory intervention could be revisited once decisions have been made on a preferred option for BCA reform.

97. Requiring BCAs to use remote inspections as the default approach to conducting certain inspections (option 4) would be the most complex and costly to implement and comply with. It would be unlikely to deliver more benefits than MBIE's preferred package.

98. A new offence targeting deceptive behaviour (option 5) could give BCAs more confidence to inspect remotely (which could enable more timely inspections through reduced travel time). However, challenges proving intent could limit its effectiveness as a deterrent, and it is not likely to lead to greater use of remote inspections or lower wait times compared with the counterfactual.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

99. The preferred option in the Cabinet paper is the same as the preferred option in the RIS. This is to have two complementary measures:

    a) setting a maximum wait time for inspections through changes to Building (Accreditation of Building Consent Authorities) Regulations 2006

    b) introducing non-regulatory measures (Option 1) to enhance the regulatory approach.

100. There is a range of options for where the maximum wait time could be set, and it could be amended if monitoring indicates it is not achieving the intended outcome. The Minister has directed that the maximum wait time be set at three working days. Targeted consultation has indicated that a three day wait time would have higher costs and higher benefits than a five day wait time.

101. The Minister has also expressed interest in setting clearer expectations for Councils on wait times and the use of remote inspections through a Ministerial letter.

What are the marginal costs and benefits of the preferred option in the Cabinet paper (3-day maximum wait time and non-regulatory measures)?

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the Minister's preferred option compared to taking no action			
Building consent authorities	Cost to provide data to MBIE (one-off set up for system, and/or ongoing reporting) Additional staff to bring wait times down Updating and implementing policies, procedures, and systems (one-off set up and ongoing review) could also include: • Contracting out inspection functions • Training • Remote inspection software	High Confidential advice to Government	Medium (varies between BCAs)

Builders / building companies	Potential cost to update or acquire remote inspection technology Reduced flexibility, restricted bookings and less availability for urgent requests and faster re-inspections Possible penalties for cancellations or work not being ready	Low	High (any increase to inspection fees or penalties will be passed on to building owners)
Homeowners / building owners	Higher inspection fees, including impact of potential penalties (passed on from BCAs to recover costs of meeting required wait time)	Medium	Medium
Other industry participants (eg designers, architects, engineers)	-	None	High
MBIE	Gathering and publishing data Developing guidance and training materials Standardising inspection conventions and addressing causes of failure	Low	High
Others (eg wider govt, consumers, etc.)	-	None	High
Total monetised costs	-	-	-
Non-monetised costs	-	High	Medium
Additional benefits of the Minister's preferred option compared to taking no action			
Building consent authorities	Improved efficiency and productivity (able to do more inspections per day, better use of inspection slots) Fewer block-bookings/late cancellations and reduced inspection failures Travel time savings and cost of fuel	Medium	Medium (depends on extent to which failure rates lower and remote inspection technology improves)
Builders / building companies	Certainty for planning inspections and keeping work moving/fewer delays	Medium-high	Medium (depends on extent to which

	Better prepared for inspections – less inspection failures, fewer re-inspections, and lower cost from rework (less labour time and materials)		builder performance improves)
Homeowners / building owners	Fewer delays (and faster overall build process)	Low Save up to 12 days (per house)	Low (unclear whether or how savings will be passed on)
Other industry participants (eg designers, architects, engineers)	-	None	High
MBIE	Better evidence to inform policy development	Medium	High
Others (eg wider govt, consumers, etc.)	-	None	High
Total monetised benefits	-	-	-
Non-monetised benefits	-	Medium-high	Medium

102. We engaged an external contractor to complete a quantitative cost-benefit analysis. We received a draft report on 17 March and are evaluating the results and assumptions. Our feedback will be used to inform the final draft, which is due on 31 March.

103. It is not yet clear what the magnitude of impact of other building consent system proposals will be, particularly BCA reform, liability, and self-certification. Collectively, these reforms would likely reduce the number of inspections that BCAs need to do and/or impact how many inspections BCAs choose to do and how they do them.

104. While it is likely that the costs to implement a 3-day maximum wait time would exceed the benefits when considering this policy in isolation (assuming BCAs could find sufficient resource to meet the requirement), this policy would complement other measures under consideration to reduce red tape and incentivise BCAs to take a more risk-based approach. If subsequent changes reduce the number of BCAs and BCA exposure to liability, this provides BCAs with a greater range of options to meet the requirement of shorter wait times.

Summary of results

105. We would expect the costs of a 3-day maximum wait time combined with non-regulatory measures to outweigh the benefits. We also expect the benefit-cost ratio to increase over time as inspection failure rates fall, the sector becomes more confident in using remote inspections, and as the quality of data improves to support better reporting.

106. The expected benefits, such as those outlined in paragraph 93, would likely to be ongoing while the costs would be temporal (ie one-off upfront or incurred only over the short-term).

107. Although this option provides opportunities for BCAs to find efficiencies, the costs to comply would be high. Opportunities to reduce wait times through efficiencies (in the short- to medium-term) are constrained by:

- competence and confidence of builders and inspectors to use remote inspection tools and limitations of the tools – remote inspections in Auckland can take 10-25 per cent longer than on-site inspections
- liability concerns (due to joint and several liability), which affects BCAs willingness to take on more risk (eg through requiring fewer inspections).

108. Most of the metro BCAs would not currently be able to comply with a 3-day maximum wait time without changing their approach to inspections or investing in additional resources. Confidentiality We expect that all these BCAs, as well as others experiencing wait times greater than three days, would need more inspectors to bring wait times under three days. It is unlikely that BCAs would be able to recruit sufficient staff to achieve this, and it can take up to a year to train inspectors to become competent for residential inspections (five years for complex commercial inspections)

109. Any potential increase in inspection fees (as discussed above) could disproportionately impact building owners in rural areas where BCAs are carrying out fewer inspections and it could be harder to recovery upfront investment through efficiencies.

110. However, the flexibility of the preferred option allows BCAs to implement lower cost solutions to improve the efficiency of inspection service delivery and lower wait times, such as contracting out inspections, doing fewer inspections, entering into shared services with other BCAs, or transferring their functions.

Time saved from avoidance of inspection delays

111. The proposal includes a benefit of avoiding delays relating to inspections. For the purposes of the cost-benefit analysis, a delay is where the work to be completed has been finished and the builder is waiting for the day of inspection. For example, if a builder books an inspection on Monday for Friday and work is completed on Wednesday, then there is a delay of one day.

112. The data we have available to conduct these calculations is limited and we have had to make a series of assumptions. These are:

- Normal inspection wait times are 4 business days (the day of booking is including in this number). If booked on Monday, the inspection will occur on Thursday.

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- Busy inspection wait times are 10 business days (the date of booking is including in this number). If booked on Monday, the inspection will occur on Friday the following week.
- A builder in the self-certification scheme would normally book an inspection with 5 business days of work for that inspection remaining including the day of booking.
- In the case of self-certification, a builder would spend 1 business day after work is complete doing their own quality assurance.
- The number of avoided inspections will be 4 for plumbers and drainlayers and 12 per entire build.

113. It is unlikely that the wait time will be consistent in the entire duration of the building work. To account for this, we have assumed that if consenting volumes are below the median, there will be normal wait times (zero days). If volumes are between the 50th and 75th percentile, it is a delay of two days (midpoint of normal and high wait times). If volumes are above the 75th percentile, it is a delay of four days (high wait times). This provides us with an estimated time saving of one day per inspection.

114. However, this does not account for time where the builder may be able to do other work while wait for the inspection, so our certainty of actual days saved is low.

Percentile volumes	**Weighting**	**Days saved**	**Days saved (weighted)**
0-50th	0.6	0	0
50th-75th	0.3	2	0.6
75th-100th	0.1	4	0.4
Total wait times saved per inspection			**1**

Section 3: Delivering an option

How will the proposal be implemented?

116. IANZ has been appointed by MBIE as the national accreditation body BCAs since the inception of the BCA accreditation scheme (section 248 of the Building Act refers). Accreditation audits usually occur every two years.

117. IANZ has confirmed that it will be able to assess compliance with the proposed additional requirement as part of the current audit process, and it would have no overall effect on the assessment time or cost.

118. A suitable transition period (to be confirmed) will provide time for BCAs to update and implement policies, procedures, and systems before compliance with the new requirement becomes subject to the accreditation audits.

119. MBIE will also produce guidance on the new regulation with more detail on the potential approaches BCAs could take to comply with the regulations and deliver more timely inspection services.

120. MBIE will also establish a regular cycle of public reporting on inspection wait times. The first step will be to provide BCAs with clear and consistent expectations on how to record and provide data to MBIE. MBIE will work closely with BCAs during the initial months to resolve any issues and to ensure BCAs are able to sustain the new requirements as business-as-usual activities.

Confidential advice to Government

How will the proposal be monitored, evaluated, and reviewed?

122. Once consistent data recording has been achieved, inspection wait time reporting will be added to the quarterly collection and reporting of BCA statutory timeframe data. This will help monitor the impact of the package on wait times as well as understand BCA performance against the maximum wait time, improve transparency, and enhance overall building consent system performance monitoring.

Confidential advice to Government

124. Further data collection will not be required for the purposes of evaluating these programmes. MBIE will rely on existing regular forums with BCAs (eg BCA cluster group meetings, the Building Advisory Panel) to understand any issues in providing data.