

Regulatory Impact Statement: Proposed change to Regulation 10(2) of the Building (Accreditation of Building Consent Authorities) Regulations 2006

Coversheet

Purpose of Document	
Decision sought:	Analysis produced for the purpose of informing final Cabinet decisions on a change to Regulation 10(2) of the Building (Accreditation of Building Consent Authorities) Regulations 2006
Advising agencies:	Ministry of Business, Innovation and Employment
Proposing Ministers:	Building and Construction
Date finalised:	23 January 2024
Problem Definition	
<p>Regulation 10(1) of the Building (Accreditation of Building Consent Authorities) Regulations 2006 (the Accreditation Regulations) requires building consent authorities to have a system for establishing the competence of employees performing building control functions. Currently, Regulation 10(2) states that a building consent authority must have a system for assessing annually (or more frequently) the competence of its employees performing building control functions.</p> <p>The current requirement for building control officers to complete competency assessments annually is no longer fit for purpose. The requirement is not cost effective or proportionate and is out of step with other similar regimes. The requirement also imposes additional pressures on building consent authorities which impacts on the efficiency and productivity of the building consent system.</p>	
Executive Summary	
<p>The building sector is vital to New Zealand’s economic success and the health, safety and well-being of New Zealanders. The purpose of the building regulatory system is to provide assurance to building owners and users that buildings are well-made, safe, durable and healthy. The efficient functioning of the building regulatory system has an important role to play in supporting the objectives of the Building and Construction, and Housing portfolios. The building regulatory system can have an impact on residential building costs, supply, quality and the time taken to build and consent new houses.</p> <p>Work is underway to give effect to the Government’s manifesto commitments to improve the building regulatory system, streamline building consents, cut compliance costs, and boost housing supply and affordability. As part of this, work is underway on a review of the building consent system and to address recommendations of the Commerce Commissions residential building supplies market study. In addition to this work, there are also immediate actions that can be taken to improve the building regulatory system.</p>	

Review of certain aspects of the Building (Accreditation of Building Consent Authorities) Regulations 2006

MBIE has undertaken a review of certain aspects of the Accreditation Regulations to improve workability, efficiency and clarity. This includes reviewing the requirements of Regulation 10 in relation to the frequency of competency assessments of building control officers. The review of the Accreditation Regulations will help to ensure the current regulatory regime operates as efficiently and effectively as possible while more substantive reforms are considered as part of the review of the building consent system.

Under Regulation 10(1) and 10(2) of the Accreditation Regulations, building consent authorities must have a system for establishing the competency of employees performing building control functions and, at least annually, assess the competency of these employees. Competency assessments are necessary to ensure all building control officers are working at the correct levels within their capability.

MBIE commissioned an evaluation of the Building Consent Authority Accreditation Scheme (the Accreditation Scheme) in 2020.¹ The evaluation found that, while the Accreditation Scheme is achieving its intended outcomes, there were concerns about the workload required to meet the Accreditation Regulations and the pressures being put on building consent authorities. The evaluation also made a set of recommendations, which included looking at reducing resourcing challenges for building consent authorities associated with competency assessments. The evaluation also pointed to the changing context that building consent authorities are now operating within.

Building consent authorities have also continued to raise concerns about the frequency of competency assessments and the pressure this puts on the building consent system.

Proposed change to Regulation 10(2) of the Accreditation Regulations

MBIE has completed a review of certain aspects of the Accreditation Regulations, which included targeted consultation with key affected stakeholders at the end of 2022 on several proposed changes to the Accreditation Regulations. This includes a proposed change to Regulation 10(2), to reduce the frequency of competency assessments for building control officers from annually to every two years (with the ability to carry out assessments more frequently if needed), as part of a package of changes to the Accreditation Regulations.

This Regulatory Impact Statement only assesses the proposed change to Regulation 10(2) as the other proposed changes have a RIS exemption or are dealt with in the accompanying Stage 2 Cost Recovery Impact Statement.

The change to Regulation 10(2) is proposed because the current requirement to undergo competency assessments annually (introduced in 2013) is no longer fit for purpose. A fit for purpose regulatory regime includes ensuring the Accreditation Regulations support consenting functions being carried out effectively and efficiently.

The time commitment for building control officers and the costs of the current annual competency assessment requirements are no longer cost effective or proportionate. Changes made to the Accreditation Regulations in 2017 added additional quality

¹ Building Consent Authority Accreditation Scheme evaluation report (2020)

<https://www.building.govt.nz/building-officials/bca-accreditation/bca-accreditation-scheme-evaluation/>

assurance requirements for building control officers. There are also several other requirements within the Accreditation Regulations which mitigate any risks in reducing the frequency of competency assessments to every two years. It is also out of step with other similar regimes such as the Licensed Building Practitioner scheme which requires competency to be assessed every two years.

Through MBIE's targeted consultation, building consent authorities confirmed that the annual competency assessment process was very time consuming and costly. Additionally, this was taking building control officers away from inspections and issuing consents for considerable amounts of time each year when preparing for and undergoing competency assessments. There was support from all building consent authorities who submitted on this section of the consultation paper during consultation for the proposal to reduce the frequency of competency assessments to every two years (with the ability to carry out assessments more frequently if needed).

Building consent authorities also agreed with MBIE's analysis that any risks to quality associated with reducing the frequency of assessments are mitigated by other areas of the Accreditation Regulations. These include:

- Regulation 18 which requires building control officers to have or to be working towards a specified New Zealand qualification (or have a foreign equivalent)
- Regulation 11 which requires building consent authorities to have a system which includes annual training needs assessments for building control officers
- Regulation 17 which requires internal audits of building control functions annually (or more frequently).

Benefits and costs

Based on information provided by building consent authorities through the targeted consultation, annual competency assessments may typically require 8-24 hours per employee each year (noting that there was a range of 2-60 hours) and may typically cost in the order of \$1,000-3,000 per employee per annum (noting there was a broad range from \$1,000-10,000 depending on the building consent authority).²

The estimated biennial savings for building consent authorities as a result of reducing the frequency of competency assessments to every two years is substantial. Building consent authorities submitted that the savings would range from \$5,000 to \$70,000 for the smaller building consent authorities, and between \$70,000 and up to approximately \$2 million for the larger ones.

These reductions in time and cost associated with carrying out competency assessments of building control officers can be expected to flow through to more resource being applied to issuing building consents, carrying out inspections and issuing code of compliance certificates.

There are some risks associated with reducing the frequency of competency assessments for building control officers. However, as noted earlier, these are mitigated by other areas of the Accreditation Regulations such as the requirement under Regulation 18, for building

² These estimates reflect what the majority of building consent authorities submitted on these issues.

control officers to have or to be working towards a specified New Zealand qualification (or have a foreign equivalent), and by the proposal enabling assessments to be carried out more frequently if needed.

Impacts on the building consent system

The building consent system is facing substantial pressure due to demand for building work with 38,209 new homes being consented in the year ending November 2023. A change to Regulation 10(2) of the Accreditation Regulations to reduce the frequency of competency assessments will help to ensure the current regulatory regime operates as efficiently and effectively as possible while more substantive reforms are considered as part of the review of the building consent system.

The impacts of the proposed change to Regulation 10(2) will be on-going for building control officers and building consent authorities with increased productivity and cost savings as a result of more efficient and effective building consent functions.

This regulatory impact statement sets out three options. Option one is the status quo which requires building control officers to undertake competency assessments annually; option 2 is to reduce the frequency of competency assessments to every two years (with the ability to undertake assessments more frequently if needed) which is the preferred option, and option 3 (identified through consultation) is to reduce the competency of assessments for building control officers to every 3 years or introduce a graduated scale.

Limitations and Constraints on Analysis

Targeted consultation was undertaken with all building consent authorities including Consentium and other accredited organisations, the Building Officials Institute of New Zealand (BOINZ), International Accreditation New Zealand (IANZ), Taituarā and Local Government New Zealand. The data and evidence around cost impact and savings used in developing these proposals was provided by building consent authorities.

Responsible Manager

Suzannah Toulmin
Manager, Building Policy
Building System Performance
Ministry of Business, Innovation and Employment
23 January 2024

Quality Assurance (completed by QA panel)

Reviewing Agency:	MBIE
Panel Assessment & Comment:	MBIE's Regulatory Impact Assessment Review Panel has assessed this Regulatory Impact Statement as meeting the criteria necessary for Ministers to make informed decisions on the proposals.

Section 1: Diagnosing the policy problem

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

Key features of the building regulatory system

1. The purpose of the building regulatory system is to provide assurance to building owners and users that buildings are well-made, safe, durable and healthy. The building regulatory system includes a number of critical elements that work together to achieve these objectives, such as occupational regulation, the Building Code and standards, and consumer protection measures. Also included in these elements is the building consent system.
2. The Building Act 2004 (the Act) established the legislative framework for building consent authorities as part of the response to leaky building issues and to improve the building regulatory system and the quality of consenting. Building consent authorities are responsible for assessing whether proposed building work complies with the Building Code, by issuing building consents and code compliance certificates. The Building Code aims to ensure that buildings are well-made, safe, durable and healthy.
3. The legislative framework in the Act (referred to in this paper as “the accreditation scheme”) requires building consent authorities to be accredited and registered in order to deliver their consenting functions.
4. The Accreditation Regulations give effect to the Accreditation Scheme in the Act. The Accreditation Regulations set out the minimum policies, procedures, and systems that a building consent authority must have to perform its building control functions and to maintain accreditation.
5. There are 66 Territorial building consent authorities, one non-territorial building consent authority (Consentium) and several entities that have voluntarily been accredited (ComplyNZ Ltd, Farsight NZ LP, National Processing Limited, Professional Building Consultants Limited, and Solutions Team Ltd). There are also two regional authority building consent authorities that consent dams – Environment Canterbury and Waikato Regional Council.
6. International Accreditation New Zealand (IANZ) has been appointed by MBIE as the national building consent accreditation body for building consent authorities since the inception of the accreditation scheme. IANZ audits usually occur every two years in accordance with the Accreditation Regulations. In cases where IANZ considers a building consent authority’s performance to be of higher risk (based on the number and seriousness of serious non-compliances and general non-compliances issued), IANZ may conduct assessments annually or more frequently.

Competency testing of building control officers is one of the Accreditation Regulations and an evaluation of the accreditation scheme was carried out in 2020

7. Regulation 10(2) of the Accreditation Regulations states that a building consent authority must have a system for assessing annually (or more frequently) the competence of its employees performing building control functions. This aims to ensure all building control

officers have the right capability for the work they are doing.³ MBIE estimates there are approximately 1,500 building control officers nationally.

8. Incremental changes have been made to the Accreditation Scheme over time, with the aim of improving the scheme. When the Accreditation Regulations were introduced, they required that competency assessments for building control officers be carried out regularly but did not specify the frequency. In 2013, this was amended to assessing annually (or more regularly) to provide more consistency and clarity between building consent authorities. This was intended to ensure all building control officers have the right capability for the level of work they are doing.
9. Additional changes were made in 2017 to ensure the quality of building control officers. This included introducing a requirement for building control officers to have or be working towards a specified New Zealand qualification (at NZQA Level Six or above in the field of building design or construction),⁴ or have an appropriate foreign qualification recognised in New Zealand that is equivalent. It also included introducing a requirement for building consent authorities to have a system which includes annual training needs assessments for building control officers.
10. No substantial changes to the scheme have been made since 2017.
11. MBIE commissioned Litmus New Zealand to undertake an evaluation of the Accreditation Scheme in 2020.⁵ The evaluation found that, while the scheme is achieving its intended system level and policy outcomes,⁶ there were concerns about the workload required to meet the Accreditation Regulations and the pressures being put on building consent authorities. The evaluation made a set of recommendations, which included looking at reducing resourcing challenges for building consent authorities associated with competency assessments. The evaluation also pointed to the changing context that building consent authorities are now operating within.
12. Building consent authorities have also raised concerns with the frequency of competency assessments, citing the annual assessment process as time consuming and costly. Building consent authorities would like to see the frequency of these assessments reduced in order to free up more time for building control officers to

³ Many Building Consent Authorities use the National Building Consent Assessment Framework in carrying out competency assessments. Using the framework is not mandatory. MBIE is currently in the process of updating the framework. <https://www.building.govt.nz/assets/Uploads/building-officials/competencies/nbca-competency-assessment-system.pdf>

⁴ Such as a National Diploma in Building Surveying (Level 6)

⁵ <https://www.building.govt.nz/assets/Uploads/building-officials/bca-accreditation/bca-accreditation-scheme-evaluation-report.pdf>

⁶ The process-level outcomes for the scheme include:

- Documented and effective policies, procedures and systems
- Sufficient skills and resources to undertake statutory functions
- Documents and effective quality control systems
- Appropriate building control functions

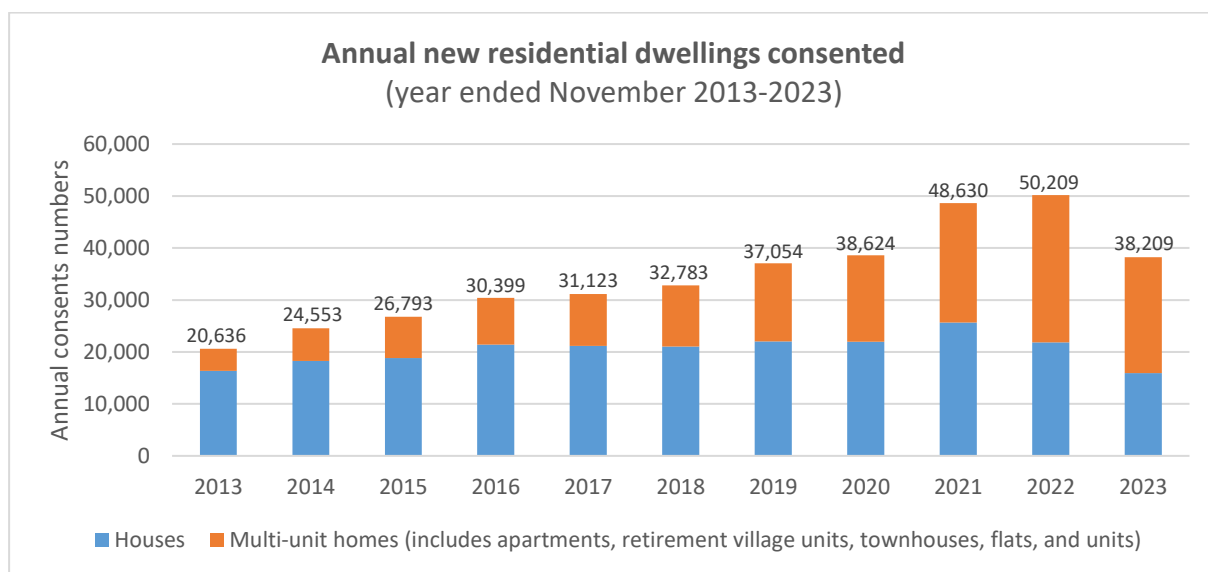
The intended policy outcomes of the scheme include supporting national consistency in consent processing, inspection and approval, providing quality assurance systems to ensure quality outcomes, providing for the technical competency of building consent authorities and improving consumer confidence in the sector.

undertake inspections and process building consents, which would increase the efficiency of the building consent system.

13. Although the Accreditation Scheme for building control officers is not a formal occupational regulation regime, its requirements for competency assessments are in many respects more onerous than those of the six occupational regulation regimes operating in the building sector.⁷ Most of the other occupational regulation regimes operating in the sector have a two-year assessment cycle. This includes the Licensed Building Practitioner regime.

The building consent system is under pressure to meet demand

14. In recent years, the building and construction sector has been through a period of high levels of demand which, together with other external pressures impacting the sector including labour supply, products shortages in 2022 from disruptions to supply chains and capability issues, has put significant pressure on the building consent system. While pressure has recently eased following a peak in 2022, significant pressures remain.
15. Recent figures from Statistics NZ show that non-residential building consents in the year to November 2023 will add \$9.6 billion directly to our economy, while 38,209 new homes were consented over the same timeframe. Of the 38,209 new dwellings consented in the year to November 2023, 15,958 were houses and 22,251 were multi-unit homes (includes apartments, retirement village units, townhouses, flats, and units).



Source: *Building Consents Issued: November 2023*, Statistics New Zealand.

16. Over this period, building consent authorities have reported substantial challenges with attracting and retaining staff to cope with the current volume of consent applications and the expectation that consents will be processed in a timely manner and in accordance with statutory timeframes. This expectation creates a tension with the need for robust systems to minimise the risks of building defects and failure.

⁷ The occupational regulation regimes include licensed building practitioners, chartered professional engineers, registered architects, plumbers, gasfitters and drainlayers, electrical workers and registered engineering associates.

17. Many of these issues are being examined through work underway to give effect to the Government's priority commitments to improve the building regulatory system, streamline building consents, cut compliance costs, and boost housing supply and affordability. As part of this, work is underway on a review of the building consent system and to address recommendations of the Commerce Commissions residential building supplies market study.
18. The review of the Accreditation Regulations to improve workability, efficiency and clarity will help to ensure the current regulatory regime operates as efficiently and effectively as possible while more substantive reforms are considered as part of the review of the building consent system.

How the status quo might develop if no action is taken

19. If the status quo does not change, building consent authorities will continue to be subject to requirements for building control officers to complete annual competency assessments. Regulation 10(2) is no longer fit for purpose, imposing unnecessary cost, time and resourcing that impacts on the efficiency and effectiveness of the building consent system at a time when the system is already under significant pressure. A well-functioning regulatory system requires clear, efficient and flexible performance settings and regulatory processes. The current requirement for building control officers to undertake competency assessments annually does not support this.

What is the policy problem or opportunity?

Nature and scope of the problem

20. The current requirement under Regulation 10(2) of the Accreditation Regulations for building control officers to complete competency assessments annually is no longer fit for purpose.
21. As noted in the background section of this RIS, changes made to the Accreditation Regulations in 2017 added additional quality assurance requirements for building control officers.
22. Requiring annual competency assessments are now no longer cost effective or proportionate. The costs imposed by the requirement are disproportionate to the benefits, given the other risk mitigations in the Accreditation Regulations to ensure consenting quality. These include the requirement under Regulation 18 for building control officers to have or to be working towards a specified New Zealand qualification (or have a foreign equivalent), Regulation 11 which requires building consent authorities to have a system which includes annual training needs assessments for building control officers and Regulation 17 which requires internal audits of building control functions annually (or more frequently).
23. Annual competency testing is also out of step with other similar regimes such as the Licensed Building Practitioner regime, which requires competency to be assessed every two years.
24. There is an opportunity to change the frequency of competency assessments to help improve the efficiency and effectiveness of the building consent system, which is currently facing significant pressure due to the high demand for building work, as well as providing significant cost savings for building consent authorities.

Stakeholder views of problem

25. As part of the review of the Accreditation Regulations, MBIE undertook targeted consultation on a proposed package of changes to aspects of the Accreditation Regulations at the end of 2022 with all building consent authorities, including Consentium, and accredited organisations, the Building Officials Institute of New Zealand (BOINZ), IANZ, Taituarā and Local Government New Government New Zealand.
26. Stakeholders were consulted on several proposed changes to the Accreditation Regulations, including whether the frequency of competency assessments for building control officers under Regulation 10(2) should be reduced from annually to every two years (with the ability to undertake assessments more frequently if needed). Other proposed changes consulted on included:
 - an increase to the accreditation fees for building consent authorities set out in Schedule 2 of the Accreditation Regulations to ensure they reflect cost recovery. See accompanying CRIS, which sets out our analysis of the fee increase proposal
 - minor changes to Regulation 6A to add that the departure of a building consent authority's quality assurance manager must be notified to MBIE and IANZ, and the drafting of Regulation 7(2)(f) to separate out the matters related to policies and procedures that a building consent authority must have for performing building control functions into standalone provisions to improve clarity and workability. These changes have a RIS exemption on the grounds that they have no or only minor impacts on businesses, individuals, and not-for-profit entities.
27. MBIE received forty-nine submissions in total on the targeted consultation paper, with good representation from building consent authorities. Forty-two out of 66 territorial authority building consent authorities made submissions, including all the main metro building consent authorities (Auckland, Tauranga, Hamilton, Christchurch and Dunedin), as well as Consentium. Two private accredited building organisations, BOINZ and IANZ also made submissions as well as a building consent authority cluster group, and an independent building control officer.
28. All building consent authorities who submitted on the proposed changes to Regulation 10(2) agreed with the issues MBIE had identified. Building consent authorities submitted that the annual competency assessment process was very time consuming and costly, taking building control officers away from inspections and issuing consents for considerable amounts of time each year when preparing for and undergoing competency assessments.
29. Based on information provided by building consent authorities in written submissions, annual competency assessments may typically require 8-24 hours per employee each year (noting that there was a range of 2-60 hours) and may typically cost in the order of \$1,000-3,000 per employee per annum (noting there was a broad range from \$1,000-10,000 depending on the building consent authority).⁸

⁸ These estimates reflect what the majority of building consent authorities submitted on these issues.

What objectives are sought in relation to the policy problem?

30. The overarching objective in relation to the problem identified is to ensure a fit for purpose regulatory regime that ensures that buildings are well-made, safe, durable and healthy. The key objectives in relation to this policy issue are to ensure the Accreditation Regulations for building consent authorities support consenting functions being carried out effectively and efficiently.

Section 2: Deciding upon an option to address the policy problem

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

31. The criteria that the options will be assessed against include the following:

Table 1: Criteria

Effective and cost effective	The regulations are working the way intended, and the benefits of regulatory requirements outweigh the risks and costs.
Proportionate	The regulatory requirements are proportionate to the level of risk and harm.
Clarity and certainty	Accreditation scheme parties are clear on their responsibilities and the processes they must follow to participate in the scheme.

What scope will options be considered within?

32. The scope of options identified in this paper will be limited by the legislative framework. There are no non-regulatory options available because the requirement for building control officers to undertake annual competency assessments is set in the Accreditation Regulations.

What options are being considered?

33. Three options have been considered as follows:

Option One – Status Quo

- 34. Under the status quo, no changes would be made to Regulation 10(2) of the Accreditation Regulations. Building control officers would continue to be required to undertake annual competency assessments. While this option is meeting the objective of ensuring that buildings are well-made, safe, durable and healthy, it is no longer fit for purpose because it doesn't support consenting to be carried out efficiently. It is also not aligned to other similar regulation regimes in the building sector. Note that under this option, many building consent authorities use the National Competency Assessment Framework in carrying out competency assessments and MBIE is in the process of updating the framework (see footnote 3).
- 35. Building consent authorities would continue to be subject to significant costs associated with annual competency assessments, as well as lost productivity and efficiency due to the time required of building control officers to undergo competency assessments every year. This option does not support the objective of ensuring the Accreditation Regulations support consenting functions being carried out effectively and efficiently.

Option two – Reduce the frequency of competency assessments for building control officers to every two years (with the ability to carry out assessments more frequently if needed)

36. Under this option, all building control officers working in building consent authorities and organisations that have been accredited will no longer be required to undertake competency assessments on an annual basis. Instead, the frequency of competency assessments will be reduced to every two years. However, competency assessments can still be undertaken more regularly if required (i.e. if there are any performance issues with the building control officer). This option supports the policy objective of ensuring a fit for purpose building regulatory regime that ensures buildings are well-made, safe, durable and healthy, and supports consenting functions being carried out efficiently and effectively.
37. Any risks to consenting quality that could arise from reducing the frequency of competency assessment of building control officers are mitigated by other provisions of the Accreditation Regulations that help to ensure quality of consenting such as:
- Regulation 18 which requires building control officers to have or be working towards a specified New Zealand qualification (or have a foreign equivalent) which sets a benchmark in terms of knowledge and qualifications for all those performing a building control officer role
 - Regulation 11 which requires building consent authorities to have a system which includes annual training needs assessments for building control officers.
 - Regulation 17 which requires internal audits of building control functions annually (or more frequently).
38. Risks are also mitigated by the proposal enabling assessments to be carried out more frequently if needed.⁹

Stakeholder views on Option Two

39. There is strong support from building consent authorities for this option. All building consent authorities who submitted on during consultation (43 in total) agreed with the issues MBIE identified with Regulation 10(2). They also confirmed that the annual competency assessment process was very time consuming and costly, taking building control officers away from inspections and issuing consents for considerable amounts of time each year when preparing and undergoing annual competency assessments.
40. Submitters also confirmed that this option will free up time for building control officers to undertake inspections and process building consents. This helps to support improved efficiency of building consent authorities and reduces some of the pressure they are currently facing.
41. These benefits will be ongoing for building control officers and building consent authorities. There will also be on-going indirect impacts for building consent applicants and the productivity of the sector as a result of more efficient and effective building consent functions.

⁹ Paragraph 7 of this paper sets out the requirements of Regulation 10(2).

42. IANZ did not agree that the frequency of competency assessments should be reduced. While not raising concerns about the quality of outcomes of current competency assessments in their submission, IANZ stated that every two years is too great an interval between assessments due to a current rapidly changing building environment. MBIE considers that the proposal addresses their concerns about the assessment interval by providing that assessments can be carried out more frequently if needed.

Option three – reducing the frequency of competency of assessments for building control officers to every 3 years or introducing a graduated scale (option identified during consultation)

43. There were five submitters (out of 43) during targeted consultation that, despite supporting the proposal in Option 2, thought the proposal could potentially go further. One idea raised was that competency assessments could be conducted every three or more years. Another idea raised was introducing a graduated scale based on the experience of individuals (e.g. a building control officer with five years experience could be assessed every three years).
44. While this would potentially free up time for building control officers to undertake consenting work, there are several disadvantages.
45. Extending competency assessments to three or more years creates additional risks to the quality of consenting outcomes that are not sufficiently mitigated by other requirements in the current Accreditation Regulations. This is due to continual technological change within the sector and increasingly complex building typologies. Additional risk mitigation mechanisms would be required and this is likely to add additional complexity to the Accreditation Regulations.
46. A detailed assessment of what additional mitigations would be needed has not been carried out. Extending the period to three or more years has not been consulted on and further engagement with affected stakeholders would be needed. MBIE notes that extending the period to three or more years would be inconsistent with other similar regulatory regimes in the building sector, such as the Licensed Building Practitioner Scheme where competency assessments occur every two years. For these reasons this approach is not preferred.
47. Introducing a graduated scale for competency testing would require consideration of how an optimal scale would be defined and how it would operate (the suggestion raised in targeted consultation based on experience is just one possible approach). This consideration would need to include how a graduated scale would interface with other risk mitigation mechanisms in the Accreditation Regulations. Extending the period beyond two years creates risks to the quality of consenting outcomes which are not sufficiently mitigated by the existing requirements in the Accreditation Regulations, for the reasons outlined in paragraph 46 above. Further work including consultation with key affected stakeholders would be needed to design appropriate requirements.
48. Introducing a graduated scale is a more nuanced approach than Option 2, however, it would add additional complexity to a system which is already complex, and it is not guaranteed that it would deliver better outcomes than a simpler approach. It is also inconsistent with similar regimes such as for Licensed Building Practitioners where competency assessments occur every two years. For these reasons, this approach is not preferred.

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

Table 2 - Options

	Option One – Status quo	Option Two – reducing required competency assessments for building control officers to two years	Option Three – reducing the competency of assessments for building control officers to every three years or introducing a graduated scale
Effective and cost effective	<p>0</p> <p>The requirement for building control officers to undertake competency assessments on an annual basis would continue. This requirement is no longer fit for purpose. Building consent authorities would continue to face a high level of costs associated with annual assessments as well as time and resourcing pressures.</p> <p>While the status quo helps to ensure an effective regime, the benefits of an annual assessment requirement are outweighed by the costs given the other risk mitigations in place in the Accreditation Regulations. The objectives sought in relation to the policy problem would not be achieved.</p>	<p>++</p> <p>This option supports the objectives, which are to ensure consenting functions are effective and efficient, as well as to ensure a fit for purpose regulatory regime that ensures buildings are well-made, safe, durable and healthy.</p> <p>Reducing the frequency of competency assessments to every two years will continue to ensure an effective regulatory requirement but better balances the costs and benefits.</p>	<p>0/-</p> <p>While this option would reduce the costs associated with competency assessments, it also reduces the benefits and may not result in an effective regulatory requirement. Therefore, this option may not support the policy objectives.</p> <p>It would also be inconsistent with other similar regimes such as for Licensed Building Practitioners where competency assessments occur every two years.</p>
Proportionate	<p>0</p> <p>The status quo is disproportionate to the level of risk and harm given the other risk mitigations in the Accreditation Regulations.</p>	<p>++</p> <p>This option is proportionate to any risks to quality of consenting due to risk mitigations currently in place in the building consent authority Accreditation Regulations that sufficiently mitigate these risks. These mitigations include the requirement for</p>	<p>0/-</p> <p>Extending competency assessments beyond two years creates additional risks to the quality of consenting outcomes that are not sufficiently mitigated by other requirements in the current Accreditation Regulations. This is because of</p>

		building control officers to have or be working towards a specified New Zealand qualification (or have a foreign equivalent). Enabling assessments to be carried out more frequently if needed addresses IANZ's concern about the length of interval between assessments being too great due to a rapidly changing building environment.	continual technological change within the sector and increasingly complex building typologies. Additional risk mitigation mechanisms would be required and this is likely to add additional complexity to the Regulations.
Clarity and certainty	0 The status quo sets a clear threshold for the frequency of competency assessments.	0 This option sets a clear threshold for the frequency of competency assessments.	0/- This option could add additional complexity to the threshold which may be less clear than the status quo.
Overall assessment	0 The status quo is no longer fit for purpose and does not adequately support the objectives.	++ This option will address the problems with the status quo and supports the objectives to ensure consenting functions are effective and efficient, as well as to ensure a fit for purpose regulatory regime that ensures that buildings are well-made, safe, durable and healthy.	0/- This option does not adequately support the objectives.

Example key for qualitative judgements:

- ++** much better than doing nothing/the status quo/counterfactual
- +** better than doing nothing/the status quo/counterfactual
- 0** about the same as doing nothing/the status quo/counterfactual
- worse than doing nothing/the status quo/counterfactual
- much worse than doing nothing/the status quo/counterfactual

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

- 49. MBIE’s preferred approach is Option 2 – reducing the frequency of competency assessments for building control officers set out in Regulation 10(2) from annually to every two years (with the ability to carry out assessments more frequently if needed).
- 50. The preferred approach best meets the criteria outlined in Table 1, mitigates the issues discussed in the problem definition, has no direct associated risks or costs for building consent authorities, and has ongoing benefits for all key stakeholders.

What are the marginal costs and benefits of the option?

Table 3: Costs and benefits of the preferred option

Affected groups <i>(identify)</i>	Comment <i>nature of cost or benefit (e.g., ongoing, one-off), evidence and assumption (e.g., compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
Additional costs of the preferred option compared to taking no action			
Regulated groups	No direct costs associated with this option. There are some risks which are mitigated.	Nil.	Medium/High
Regulators	One-off costs of producing new guidance for building consent authorities to reflect the change to Regulation 10(2).	Small	High
Others (e.g., wider govt, consumers, etc.)	There are some risks to the quality of consenting that could affect building consent applicants (consumers) but these are mitigated.	Nil.	Medium/high
Total monetised costs	Nil	Nil	High
Non-monetised costs	One off - low	Low	High
Additional benefits of the preferred option compared to taking no action			
Regulated groups	Based on information provided by building consent authorities, it is likely there will be ongoing benefits for building control officers	Based on information from building consent authorities, this option could save from \$5,000-70,000 for the smaller building consent authorities,	Medium

Affected groups <i>(identify)</i>	Comment <i>nature of cost or benefit (e.g., ongoing, one-off), evidence and assumption (e.g., compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
	and building consent authorities in terms of increased efficiency, effectiveness and productivity. Submitters indicated annual competency assessments may typically require 8-24 hours per building consent officer every year (noting that there was a range of 2-60 hours).	and between \$70,000 and up to approximately \$2 million for the larger ones (every two years). ¹⁰	
Regulators	-	-	-
Others (e.g., wider govt, consumers, etc.)	Ongoing benefits for building consent applicants (consumers) due to increased efficiency and productivity.	Medium.	Medium
Total monetised benefits	Ongoing	Based on the information provided by building consent authorities, competency assessments may typically cost in the order of \$1,000 - 3,000 per employee per year. Using this information, the total savings for the building consent system based on the estimated total number of building control officers nationally could be	Medium

¹⁰ However, there was a large range of between \$1000-\$10,000 per building consent officer for an annual competency assessment.

Affected groups <i>(identify)</i>	Comment <i>nature of cost or benefit (e.g., ongoing, one-off), evidence and assumption (e.g., compliance rates), risks.</i>	Impact <i>\$m present value where appropriate, for monetised impacts; high, medium or low for non-monetised impacts.</i>	Evidence Certainty <i>High, medium, or low, and explain reasoning in comment column.</i>
		between \$2 million-\$4.5 million every two years.	
Non-monetised benefits	Ongoing	Medium	Medium

Section 3: Delivering an option

How will the new arrangements be implemented?

51. If the preferred option is pursued (Option 2), the proposed change to Regulation 10(2) of the Accreditation Regulations will be drafted and given effect through an Order in Council. This is anticipated to come into force in early June 2024.
52. The changes to Regulation 10(2) will be communicated through public communications (e.g., Ministerial press release) and targeted communications to key stakeholders. MBIE is also in regular contact with building consent authorities and will be available to actively respond to any queries regarding the change.
53. Building consent authorities will continue to use their existing systems for establishing the competence of building control officers with the only change being to the frequency of assessment. New guidance material will be produced for building consent authorities to assist implementation.

How will the new arrangements be monitored, evaluated, and reviewed?

54. This proposal, if agreed to, will be integrated into the existing regulatory system. One of MBIE's key roles as the system steward and central regulator is to monitor the performance of building consent authorities. Impacts will be monitored through MBIE's Biennial Building Consent Authority Accreditation reports.¹¹ These accreditation reports provide an assessment of how well building consent authorities are meeting the requirements of the Accreditation Regulations. Effectiveness will also be monitored through the biennial IANZ audits as well as any non-compliances.

¹¹ <https://www.building.govt.nz/building-officials/bca-accreditation/biennial-bca-accreditation-reports/>