

# **FINAL REPORT OF THE CROWN MANAGER FOR BUILDING CONTROL AT CHRISTCHURCH CITY COUNCIL**

Final Report

18 March 2015



# Contents

<b>Introduction</b>	<b>2</b>
<b>Recommendations</b>	<b>3</b>
<b>Background</b>	<b>5</b>
Appointment and powers of the Crown Manager	5
Reason for the appointment of a Crown Manager	5
The Canterbury earthquakes	6
The scale of the rebuild	7
<b>Activities undertaken by the Crown Manager in relation to his Terms of Reference</b>	<b>8</b>
Crown Manager Action Plan	8
Transparent reporting and building relationships	11
<b>Assessment of progress and recommendations on any further action</b>	<b>13</b>
Progress made	13
2015 Action Plan	14
Recommended areas of review for Christchurch City Council	15
Recommendations for the Minister for Building and Housing to consider in respect of building consent activity	16
Observations for the Minister of Local Government	18
Discussion: collaborative building control online digital consenting	31

# Appendices

<b>Appendix 1 : Recommended 2015 Action Plan</b>	<b>22</b>
Improvements	23
Education	28
Communication	29
<b>Appendix 2 : Benefits of online digital consenting</b>	<b>30</b>



Hon Paula Bennett  
Minister of Local Government  
Parliament Buildings  
Wellington

Dear Minister

It is my pleasure to present my final report as Crown Manager for Christchurch City Council's building control functions.

The 2010 and 2011 Canterbury earthquakes created a unique set of challenges for the people of Christchurch, its city council and New Zealand as a whole. The response required from Christchurch City Council (the Council) to enable residents and businesses to rebuild the city was unlike anything previously faced by local government in New Zealand.


The earthquakes brought to light deficiencies in the way the Council was carrying out its building control responsibilities, which were already under close scrutiny from International Accreditation New Zealand (IANZ). The Council's building control functions, which maintained a 'business as usual' response to an extraordinary set of circumstances, were unable to adequately respond to the challenges the earthquakes presented.

Having now rectified the issues identified by IANZ and successfully regained accreditation, the Council is now able to exercise its building control functions in its own right to support the city's rebuild.

It is important that momentum and confidence in the Council's building control functions continue, and the recommendations in this report are designed to support that. The accreditation work has delivered a number of insights and lessons, many of which are applicable beyond the Christchurch City Council to the wider national system of consenting.

I would like to pay tribute to the tremendous efforts of the Council and its management team, building control staff, the Mayor and Councillors in achieving accreditation.

I would also like to thank the wider building, engineering and consenting sectors, who have been patient and willing to work with the Council in innovative ways under extraordinary circumstances, and the Department of Internal Affairs and the Ministry for Business, Innovation and Employment for providing proactive assistance and making resources available to support my work and that of the Council during my time as Crown Manager.

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Doug Martin  
**Crown Manager**

# Introduction

Following the decision by IANZ to revoke the Christchurch City Council's accreditation as a Building Control Authority, the Council invited the Minister of Local Government to appoint a Crown Manager under section 258D of the Local Government Act 2002.

I was appointed on 15 July 2013 to manage the Council's building control functions, review the building consent operations and advise the changes necessary for the Council to regain accreditation.

On 31 December 2014 my term as Crown Manager ended, following the Council's successful application and assessment for accreditation as a fully functioning Building Control Authority.

As part of my Terms of Reference I am required, as soon as possible following the end of the management period, to produce a final report to the Minister of Local Government. This report is required to comply with section 258U of the Local Government Act 2002, which requires that the final report must include the following:

- a narrative description of the activities undertaken by the Crown Manager in relation to his terms of reference
- an assessment of progress in addressing the problem, in particular what, if any, progress the Council has made in addressing the issues identified in the New Zealand, IANZ and Ministry for Business, Innovation and Employment (MBIE) reports
- any final recommendations the Crown Manager wishes to make to the Minister, the Council or both and
- any final recommendations the Crown Manager wishes to make to the Minister on whether the Minister should take further action in relation to the Council, including whether the Minister should use another intervention (eg Crown Observer).

# Recommendations

The following are my recommendations to the responsible Minister and the Christchurch City Council. The rationale for my recommendations are outlined in the body of the report.

## Recommendations for the Christchurch City Council

- 1 That the Christchurch City Council:
  - a undertake the programme of work outlined in the 2015 Action Plan contained in Appendix 1 of this report
  - b provide, throughout 2015, regular (quarterly) reporting on actions and progress against the programme of work to:
    - i the Minister of Local Government
    - ii the Minister for Building and Housing
    - iii the Minister for Canterbury Earthquake Recoverywith the first report to cover the period to 30 June 2015.
- 2 review its building inspection operations, with a view to creating a more effective and efficient inspection function
- 3 ensures that the certification, exemption and claims area of the Building Control Group has the resources required for the weathertightness remediation and Financial Assistance Package process.

## Recommendations for the Minister for Building and Housing to consider in respect of building consent activity

- 4 That the Minister for Building and Housing directs the Ministry of Business, Innovation and Employment (the Ministry) to consider:
  - a Further developing the Streamline Consenting system implemented by the Christchurch City Council, which initially focused on building consents for low-risk residential Group Home Builders. The Ministry could enhance the scope of Streamline Consenting to include more complex residential building consents, and apply the learnings nationally from both Christchurch City Council's Streamline Consenting system and any further improvements subsequently developed by the Ministry.
  - b Working with the Registrar of Licensed Building Practitioners to add consent applications to the curriculum of regional and national sector training organisations, and investigate the options regarding the eligibility of training in consent preparation to qualify for skills maintenance points.
  - c Developing and implementing a plan to raise the quality of consent applications from small Group Home Builders who do not qualify for participation in Streamline Consenting, and those from small builders and developers.

- d Engaging with selected councils to 'pilot or trial' new initiatives or innovations to inform further policy, training and guidance development, and proactively seek to share successful initiatives across other councils in the country.
- e Establishing a sector reference group to assist the Ministry to conduct a review of the Building (Forms) Regulations to ensure they take account of current electronic media and security systems, to enable consents to occur in a wholly online environment. Christchurch City Council now allows for building consent applications to be submitted online but the Regulations require online applications to be accompanied by a completed hardcopy version. This mitigates efficiencies created by online applications and runs counter to Result 10 of the Better Public Services targets.
- f Methods to ensure better utilisation of the national building control workforce. New Zealand has a limited supply of suitably qualified persons capable of fulfilling building control functions. A national, rather than regional, approach would allow for smoothing of demand peaks and troughs.

## **Other matters for consideration by the Minister of Local Government**

- 5 That the Minister notes my observations around the potential benefits of a review and clarification of the powers of a Crown Manager, in particular his or her ability to direct in matters of employment and change processes, to ensure that the powers of the Crown Manager match the nature of the task.
- 6 That the Minister notes my observations on the governance and institutional arrangements for local government in Christchurch and the wider Canterbury region.



# Background

## Appointment and powers of the Crown Manager

My appointment as the Crown Manager to the Christchurch City Council (the Council) was the first use of this type of appointment by the Crown.<sup>1</sup> The appointment was made under the new powers of intervention that were established in the 2012 amendments made to the Local Government Act 2002, as part of the wider Better Local Government reforms. As such, I make some observations about the nature of the intervention and some suggestions that the Minister may wish to consider in view of possible future appointments.

As Crown Manager, my powers were to direct the Council to address the issues relating to its building control functions, but I did not replace the councillors or council management. The Council also retained legal liability for any and all operations while the Crown Manager was in place.

## Reason for the appointment of a Crown Manager

The background to my appointment will be familiar to many but is worth repeating here briefly, in part because – while the severe Canterbury earthquakes of 2010 and 2011 undoubtedly impacted on the Council and would have posed an extraordinary challenge for any local authority in New Zealand to respond to – the issues with the performance of the building control functions of the Council pre-dated the Canterbury earthquakes.

From a building control perspective, the impact of the earthquakes simply brought these issues to a head earlier than they may otherwise have done.

To be registered as a Building Consent Authority (BCA), a territorial authority must be accredited by a building consent accreditation body against the standards and criteria in the Building (Accreditation of Building Consent Authorities) Regulations 2006 (the Regulations). International Accreditation New Zealand (IANZ) has been appointed by the Ministry of Business, Innovation and Employment (MBIE) as the building consent accreditation body. Once accredited, the territorial authority must apply to the Chief Executive of MBIE to be registered.

Failure to meet the registration requirements as a BCA has the effect of a territorial authority being unable to undertake the functions of a BCA, including issuing building consents.

The Council had a long documented history with its building consent accreditation assessments dating back to 2007, when it was first assessed as a BCA. This assessment determined that substantial work would be required before the Council would be able to demonstrate compliance with the the Regulations. In April 2008, a second assessment was undertaken and again the Council could not demonstrate that it could comply with the Regulations.

In June and September 2008, two further assessments were undertaken before the Council was finally awarded accreditation in October 2008. Significant improvement was demonstrated in October 2009

<sup>1</sup> Section 258D of the Local Government Act 2002.

when the Council was routinely assessed. However, 10 Corrective Action Requests (CARs)<sup>2</sup> were raised for identified non-compliance with the Regulations. Even though these were cleared, IANZ still had doubts that the Council would be able to demonstrate continued compliance with the Regulations. In light of this, a special assessment was scheduled for September 2010. As a result of the 4 September 2010 earthquake this assessment was cancelled. A routine assessment was due in September 2011 but this was postponed by 12 months due to the 22 February 2011 earthquake.

IANZ conducted a routine reassessment in September 2012. During this assessment 17 CARs were raised – the Council agreed that these would be cleared by 1 February 2013 and that a further routine assessment would be planned for 1 May 2013.

Before the assessment was due to take place, the Council advised IANZ that implementation of the new information technology system (Connect<sup>3</sup>) was delayed and asked for the assessment to also be delayed until it was fully operational.

IANZ informed the Council that under the Regulations the BCA must be able to demonstrate compliance with the requirements of the regulations at all times. Therefore, IANZ did not agree to the delay but did agree to carry out a special assessment in May 2013 and a full assessment later that year in August. The purpose of the special assessment was to assure IANZ that the requirements of six CARs were being met and to justify the continuance of accreditation even with reservations.

On 27 May 2013 IANZ carried out the special assessment, with a particular focus on the six CARs that were considered essential to continuing accreditation. IANZ concluded:

*The outcome of this review is that insufficient evidence has been provided of compliance with the prescribed criteria and standards for accreditation, to justify continuing accreditation.*

*It is therefore with regret that the assessor advises CCC BCA that a recommendation to commence the requisite administrative process to revoke the BCA's accreditation under Section 254 of the Building Act 2004 has been made to the Programme Manager and IANZ's General Manager of Accreditation Services<sup>4</sup>.*

Following this decision, the Council on 4 July 2013 passed a resolution to invite the Minister of Local Government to appoint a Crown Manager under the Local Government Act 2002 to manage the Council's building control issues. Revocation of accreditation was effective from 8 July 2013.

## The Canterbury earthquakes

On 4 September 2010 at 4.35am a magnitude 7.1 earthquake struck the Canterbury region. Its epicentre was 40km west of Christchurch city, in Darfield. Four other major earthquakes followed this earthquake: on Boxing Day 2010, 22 February 2011, 13 June 2011 and 23 December 2011; there were also over 11,000 aftershocks.

The most serious event was on 22 February 2011, when 185 people were killed and 11,432 people were injured. This earthquake produced the highest peak ground accelerations on record and had a

<sup>2</sup> Corrective Action Requests (CARs) are actions that must be met before accreditation can be granted. CARs usually relate to non-compliance with general or specific requirements in the Regulations.

<sup>3</sup> The Council's information technology system for tracking its regulatory functions work.

<sup>4</sup> IANZ Building Consent Authority Accreditation Assessment Report, Christchurch City Council Special Assessment (revised report), Monday 27 May 2013, page 6.

devastating effect on the central city and on the residential suburbs affected by liquefaction, lateral spread and rockfall on top of the earth movement.

## The scale of the rebuild

As a result of the earthquakes, more than 8,000 homes and 1,100 central city buildings were destroyed or severely damaged (equating to 80 per cent of the central business district or CBD), 6,000 businesses in the CBD were forced to vacate the city centre and find alternative premises, and over 100,000 residential properties were affected. Major repairs were needed to infrastructure, including repairs to the transport network and repairs to 650km of wastewater piping.

With New Zealand's second largest city facing a major rebuild, the Christchurch City Council needed to gear up to deal with all the work needed, including issuing building consents for new residential and commercial properties and working with the government to make major repairs to the city's infrastructure.

I was informed that the Council initially took a conscious decision to continue to operate in a 'business as usual' mode, rather than actively position itself for the challenge of the rebuild, under the belief that continuing to provide regular service would best fit its role in rebuilding the city.

On the building control side of the business, the Council's task of gearing up to address the new demands would not have been an easy one. Not only did the Council not have systems or processes in place to deal with the new volume of consents, it also did not have the staff. This was further hindered by staff leaving the city after the earthquakes and the difficulty the Council faced in recruiting new staff as people were hesitant to move to a city that now had very little infrastructure, a shortage of accommodation and was still shaking continuously with aftershocks.

A further barrier to the recovery was residents and businesses trying to rebuild on land that was severely damaged in the earthquakes and was affected by liquefaction and lateral spread. A lot of land in the city was declared unable to be rebuilt on (red zoned) and abandoned, while other parts of the city required special expert engineering assessments and foundation work (technical category 3 or TC3). Much of this specialised assessment work was unprecedented, and the categorisation of land was undertaken over a long period of time to ensure that the right decision was made with the best available information.

# Activities undertaken by the Crown Manager in relation to his Terms of Reference

The following section sets out the key actions and activities undertaken by or on behalf of the Crown Manager. This covers the initial Crown Manager Action Plan, the implementation of that plan, and subsequent activities through to the successful accreditation of the Council as a BCA by IANZ in December 2014.

## Crown Manager Action Plan

Within four weeks of being appointed, I was required to produce an initial action plan to ensure the Council had the correct systems and processes in place to enable the Council to be accredited as a BCA. This plan set the foundations for the Council's focus and activities for the building control area for the next 18 months, through a comprehensive programme of performance improvement initiatives that aimed to make the Council an exemplar in the delivery of building consent services. It included these aspects.

- **Improving demand forecasting and increasing resources commensurately**

Given the unique circumstances following the Canterbury earthquakes, it was critical that the Council developed an understanding of the level of demand that it would be required to anticipate and meet if it was to facilitate, rather than hinder, the rebuild of Christchurch. This increased demand would provide challenges to the Council in terms of adequately resourcing the building control function as the rebuild picked up pace.

In July 2013 MBIE commissioned a methodology for determining the Council's forecasts for the number and type of building consents and the number of staff required to process those consents. Results indicated that the Council's full-time equivalent (FTE) requirements would have to be increased by 82 percent in a very short space of time, even allowing for any efficiency gains achieved through changes to the Council's systems and processes.

- **Leveraging the spare capacity of the country's other building consent teams**

A national and international recruitment campaign was undertaken, targeting skilled technical building officials. In recognition of the shortage of suitably qualified staff that the Council could recruit domestically or internationally, a request was made to other councils around the country to assist Christchurch City Council in the processing of its building consents. In total, 17 external BCAs became involved in processing consents for the Council. Staffing for inspections, however, remained the responsibility of locally based staff, as inspections by their very nature require an on-the-ground presence.

Much of the overseas recruitment effort was directed at sourcing personnel to relocate to Christchurch to undertake inspection work.

- **Streamlining building control functions to cope with demand**

To help meet the projected increase in demand for building control services, the Council explored the implementation of a streamlined (risk-based) approach for both residential and commercial building consents. The idea behind a risk-based/streamlined approach is that the level of administrative and consenting oversight should be commensurate to the nature of the consent being applied for and the capability of the consenting applicant. This in turn delivers efficiency gains for the Council, meaning more consents can be processed per FTE, which was (and remains) important given the labour market capacity constraints on the building control area. This should also contribute to improved efficiency for the participants in the building sector, through reduced direct costs and time.

- **Increasing inspectors' productivity by improving systems and processes**

The Council implemented a dedicated inspections scheduling service to deal with the anticipated demand for building inspection services and to deliver an effective end-to-end service for customers. In addition, the Council implemented an electronic inspection system called GoGet, which provides the ability to conduct inspections in the field using mobile devices to remotely retrieve and update consent information, saving time and cost. Passing inspections in a timely manner is important for home owners and developers, as failed inspections can hold up work and final inspections often signal the point when a building is ready for occupation.

I consider that further improvements in the inspection function can still be obtained, and have recommended that the Council reviews its building inspection operations with a view to creating a more effective and efficient inspection function, supported by clear management reporting structures.

- **Restructuring the Building Control Group**

One of the first actions I undertook to increase capability within the Council was to reorganise the Building Control Group. The structure that existed upon my appointment had some key weaknesses that the new structure has subsequently addressed, as set out here.

- *Lack of a single point of accountability for the building control functions of the Council* – while the then General Manager of Regulatory and Democracy Services was accountable for building control and a number of other functions, he did not have a manager reporting to him that oversaw all of the building control activities – rather a collection of four managers reported to him, each responsible for a particular part of the building control area. Building control performance was a number of people's responsibility, but no single person's accountability.

The four managers collectively responsible for the various aspects of building control performance were also understandably consumed 'in the business' on a day-to-day basis, meaning no one was taking a strategic or 'helicopter' view specifically of the building control area. Such a view would have told the Council that it had significant planning, structural, system and resourcing challenges ahead of it, not to mention that it was at high risk of losing its accreditation as a BCA.

The building control activities of the Council are now the responsibility of the Director for Building Control, who sits on the Council's senior leadership team and reports directly to the Council's Building and Regulations Committee.

- Capacity – there were simply not sufficient resources employed to do the job required of the Council.
  - A fragmented structure – the way staff were grouped together was causing issues to fall through cracks or made the resolution of issues time-consuming and inefficient. In addition, the way staff were structured did not reflect the Council's customers and the types of services they were asking for. As a result, the Building Control Group has been organised into new teams, including residential and commercial consenting teams, reflecting the different clients, relationships and services required of the Council.
  - Recruitment – the previous recruitment methods did not ensure the council was able to recruit individuals of the capability required. This, coupled with an ineffective structure, did not allow the Council to have an effective and highly capable management team. By setting into place a new recruitment process, the Building Control Group now has a highly capable management team. Upon their appointment, they took ownership of the Building Control Group's problem, playing a critical role in the Council's quest for accreditation.
- **Developing a Customer Advisor Group**

The Building Control Group had lost customer focus. It was important to bring back into view why customers are important to the Council's work. A Customer Advisory Group (CAG) made up of representatives of existing key customers was established and convened on a regular basis. This group of people in the construction industry representing various fields of view (such as engineers and construction firms) was asked about their perceptions, opinions, beliefs, and attitudes about the Council's building control services and building control function performance. They also advised the BCA management on industry trends, business priorities, and strategic direction.
  - **Changing the Building Control Group's culture**

The Crown Manager's initial plan identified that the culture of the Building Control Group needed to become far more customer focused; this was a guiding principle throughout the entire programme of work. Changes were needed not only in the behaviours relating to the external stakeholders but also internally within the group, empowering staff to be able to make decisions, and in its interactions with the wider Council (including the governance arm).

The stated aim of the plan, to not only gain accreditation but to become an exemplar in the delivery of building control services, reflected the level of ambition to change the culture of the Building Control Group.
  - **Improving the quality assurance systems and processes**

While the Council's BCA has an accredited quality assurance system, there were many impediments to its effectiveness, including no single source of accountability for the quality assurance of the BCA. This is a critical function for not only maintaining quality control of the building control activities, but for being able to demonstrate to IANZ that the Council has, and is using, high quality processes, systems and training for undertaking its functions. A new management role was established dedicated to operational policy and quality assurance. This focused role was instrumental in the Council achieving accreditation. A project team was established to review all of the BCA Manual. That manual now reflects current practice.

- **Trialling a regional digital, online building consent application, processing and inspection system (Alpha)**

Prior to my commencement as Crown Manager, the Selwyn District Council was using a web-based digital building consent application, processing and inspection system (Alpha). Selwyn also had a contracting arrangement with Professional Building Consultants (PBC). Conversations with PBC revealed that the Alpha system reduced processing times by approximately one hour per consent. As such, my initial action plan proposed a trial of the Alpha system across four BCAs in Canterbury: Christchurch City Council and Selwyn, Hurunui and Waimakariri District Councils.

The trial commenced in November 2013. In line with PBC's experiences, a review of the trial confirmed that consent processing times could be reduced by up to one hour (once a Building Control Officer is trained and familiar with the system). The Council is now adopting the Alpha system and it will be introduced progressively to all processing staff and contracted BCAs.

- **Process improvements**

These process improvements recommended that Building Control Group staff work to performance targets set by elected members and outlined in Long Term Plans and Annual Plans, and the implementation of risk-based consenting processes (as far as practicable).

Under the Building Act, councils are able to exempt requirements for obtaining a building consent. As such, the Action Plan proposed that low-risk building work be required to go through an approval process to provide assurance that the proposed building work complied with the Building Code. Low-risk building work would not require an inspection due to involvement of experts in design and construction.

A wider project team, with dedicated project managers overseeing each action area, was established to assist with the implementation of the Action Plan. This was to enable core building control staff to focus on day-to-day building control operations, with the project managers driving change with input from key business owners.

## Transparent reporting and building relationships

The programme of work outlined above formed the backbone of the Building Control Group's focus over the course of my time as Crown Manager. As well as maintaining oversight of that work, I undertook a number of other activities to facilitate improvements in the Building Control Group's reputation and relationships with various external organisations and key individuals in the sector, and with the governance arm of the Council.

I also endeavoured to develop better communications and alignment between the Building Control Group and various arms of the Council and with external organisations involved in the rebuild – including the building sector, the Canterbury Earthquake Recovery Authority (CERA), and Environment Canterbury Regional Council (ECan) Commissioners. With so many organisations having responsibility for aspects of the rebuild of the city, and with the inevitable tension and potential for competition for increasing scarce resources, I felt it important that the building control area's activities were understood by key stakeholders, and equally that the Building Control Group understood the demands and requirements of other parties and how that would impact what was required of them.

One important area of focus for improved communications and relationships was with the city councillors. The Building Control Group instigated regular reporting to councillors, including being transparent about risks and challenges, and being prepared to openly discuss options for improved performance. This regular reporting, allied with the appointment of a highly capable management team in the building control area, has given councillors the information and opportunity for seeking comfort that their governance oversight role requires. It has also given the Building Control Group the ability to be open with councillors about the level of resourcing and other support it needs to do its job in the rebuild of the city.



# Assessment of progress and recommendations on any further action

## Progress made

As part of this final report, I am required to make an assessment of the progress made in addressing the range of issues identified in the IANZ and MBIE reports that ultimately led to my appointment as Crown Manager.

In December 2014, IANZ announced that Christchurch City Council had successfully regained accreditation as a Building Control Authority. On that measure alone – gaining accreditation – clearly the Council can be considered to have made excellent progress in addressing the issues raised in the IANZ and MBIE reports. It is important to note, that after the Council's loss of building control accreditation, the IANZ approach was to apply the full rigorous assessment process and treat Christchurch as though it was a new Building Consent Authority.

The Council should be proud of its achievements in regaining accreditation. It took a significant amount of time and resources, as well as the backing of city councillors, the wider Council management and staff, and indeed the support of industry to get there.

Significant focus has been placed on improving the Building Control Group's compliance with statutory timeframes. Overall compliance with statutory timeframes has increased from 45 percent in July 2013, when I was appointed Crown Manager and commenced my role, to 91 percent by December 2014 and 94 percent overall for January 2015.

The statutory timeframes are set out in the Building Act 2004 and are predicated on a normal operating environment, rather than the rebuild of a city post a significant event like an earthquake. The Council's compliance with the statutory timeframes has trended up considerably since January 2014, and the Council continues to investigate and implement measures to improve its compliance. The volume of demand it is facing is, however, unprecedented and volatile, and the Council is nearing resource constraints.

The residual question I am required to address is whether the Minister should take any further action in relation to the Council, including whether the Minister should use another intervention. I do not consider that a further intervention under the Local Government Act 2002 is required or justified at this point.

Notwithstanding the achievement of accreditation, however, there remain challenges:

- The Council must continue to support the effective and efficient consenting of the city's rebuild demands. To do that, I would like to see the Council carry through on a number of promising initiatives that should lead to better, more efficient services for Christchurch residents and businesses and make the most of the constrained resources available to the Council and its Building Control Group.

- The Council needs to retain the confidence of the building sector, the various rebuild entities, the Crown and the people of Christchurch, that the Council will be able to sustain its improvements in the absence of the Crown Manager powers and reporting oversight that was in place until December 2014.
- The Council must provide assurance to IANZ when it is scheduled for a follow-up visit in August 2015, that the improvements that convinced IANZ to return the Council's accreditation have been, and will continue to be, sustained.

It is with these issues in mind that I make a series of recommendations to the Council and the responsible Ministers in respect of both the Council's Building Control Group's focus and programme of work over the course of 2015, and also of the Crown's oversight of the building regulations and wider opportunities for improvements in the system of building control across the country.

These recommendations are not made solely with the Council and Ministers in mind – it will be important that the wider community of Christchurch and those that rely on the efficient and effective performance of the Council can have confidence that its consenting function will proactively support the city's rebuild efforts, which are currently peaking. Commercial consenting activity is also on the increase, as the momentum swings to the rebuild of the city's CBD.

I also make some recommendations related to wider observations for the Crown and its agencies to consider.

## 2015 Action Plan

Appendix 1 to this report sets out a programme of work that I recommend be carried out by the Council over the course of 2015. The 2015 Action Plan builds on a number of initiatives the Council already has underway, and introduces some new initiatives and actions that I consider will be of benefit to the Council, its customers, and the residents and businesses of Christchurch. The plan comprises of three areas of focus:

- **Improvements**
- **Education**
- **Communications**

Together, the three areas contain eleven key deliverables. The 2015 Action Plan and the activities that underpin it provide a framework for reporting on progress to Ministers and to the Council. It is recommended that this reporting occurs quarterly, with the first report to cover progress to 30 June 2015. This reporting is intended to provide comfort to the various parties with an active interest in the performance of the Council's Building Control Group.

The 11 deliverables contained in the Action Plan are mostly accompanied by a series of actions – these are suggested as a way to achieve the deliverables sought. These detailed actions are provided with the intention that they will assist the Building Control Group in determining the various activities required of them to achieve a successful outcome. It will be up to the Council how they achieve the deliverable sought within the suggested timeframe – as circumstances change, better ways of achieving the outcomes may of course be found. The Building Control Group can communicate and explain any variance in the actions it undertakes through its reporting to Ministers and Councillors.

# Recommended areas of review for Christchurch City Council

As well as recommending the 2015 Action Plan to the Council and the Crown, I have made two additional recommendations for the Council to consider reviewing aspects of its building control business.

## Review of the building inspection operation

Over the last 18 months, many improvements have been made to various aspects of the inspection process such as:

- increasing the number of full-time inspectors
- exploring the international market and engaging over 24 skilled inspectors from countries such as Canada, Ireland, the UK and Australia
- implementing a dedicated inspection booking and scheduling unit and adopting new scheduling technology and global positioning system (GPS) location tracking systems
- introducing the GoGet digital inspection field technology
- consolidating inspections for low-risk residential Group Home Builders
- ensuring appropriate supervision is undertaken to validate technical decisions during inspectors' professional development.

The labour market for inspections staff is very tight, and resource for this work cannot be sourced virtually via other BCAs, as consenting work has been. Demand on inspections time is tight, and any delays in inspections have inevitable flow-on costs in time and money for those in the building sector.

With that in mind, and given current indications that the Canterbury rebuild is in full swing, I recommended that the Council considers conducting a review of all aspects of the inspection system. Further integration of the inspection functions with the other functions within the Building Control Group may lead to a more effective and efficient inspection function.

## Resourcing for weathertightness remediation and the Financial Assistance Package

The Certification, Exemption and Claims Unit of the Building Control Group have made good inroads into managing weathertightness claims, particularly through the government's Financial Assistance Package – a process that remediates building damage by water ingress.

Prior to my appointment as Crown Manager the Council had not processed any buildings through the Financial Assistance Package. However, the Council has now forecast that 65 will be within the process by July 2015. It appears this activity will require additional resources if it is to successfully facilitate the resolution of weathertightness claims through the Financial Assistance Package.

Given the nature of the issue and the government's contribution to the possible financial resolution of issues through this package, it would appear to be in the Council's (and its affected residents') interest(s) to ensure that the certification, exemption and claims area of the its Building Control Group

has the resources required for the weathertightness remediation and Financial Assistance Package process.

## Recommendations for the Minister for Building and Housing to consider in respect of building consent activity

The following are recommendations for the Minister to consider directing the Ministry of Business, Innovation and Employment to evaluate. In the main, the recommendations stem from innovations undertaken by the Christchurch City Council's Building Control Group that may be of benefit to other councils in New Zealand, and observations about aspects of the nationwide system and practices of building control that would benefit from some central leadership or action.

### Streamline Consenting

A key deliverable of the Crown Manager's 2013 Action Plan was to review the operating model, systems and processes adopted by the BCA, and to develop and implement where appropriate streamlined policies, processes and systems.

A significant intent was to implement the 'risk-based' consenting processes, as far as practicable, that were signalled by MBIE through amendments made in 2012 to the Building Act 2004.

The Streamline Consenting work undertaken by the Council's Building Control Group consisted of developing systems and processes that covered low-risk building work, standard residential construction and large commercial construction. It has four objectives:

- raise the quality of building consent applications received by the Council
- encourage adoption of quality assurance systems by Group Home Builders
- reward good practice by Group Home Builders
- reduce and simplify Council processes and time required to issue a consent.

Standard residential construction through Group Home Builders and the associated consenting processes was streamlined to allow for the use of standard plans, materials and specification details, and to recognise the input of Licensed Building Practitioners (LBPs) in the design and construction. Quality assurance requirements must be achieved in order to be eligible to enter into the Streamline process.

Parameters were placed around the use of this process to ensure the appropriate outcomes were achieved, including auditing and inspection focused on critical aspects of construction, such as structure and weathertightness. The Streamline Consenting process is complemented by the introduction of online consent applications and digital field inspection technology.

It is noted however, that not all applicants are able or prepared to meet the Council's requirements to lodge applications in the Streamline Consenting process for qualifying buildings.

## **Further developing the Streamline Consenting system implemented by the Christchurch City Council**

I recommend that the Streamline Consenting system developed by the Council, which has initially focused on building consents for low-risk residential Group Home Builders, could be further developed to the wider benefit of the country. The Christchurch City Council does not have the time or resources currently to lead this work on behalf of councils around New Zealand. Given that the benefits of further development would accrue country-wide, and that the Ministry is required to develop regulations on risk-based consenting by the end of 2015, there is a good prima facie rationale for the Ministry to take the lead on enhancing the scope of Streamline Consenting to include more complex residential building consents and apply the learnings nationally.

### **Education**

While the supply-side response of the Council's Building Control Group is critical to an efficient consenting system, more can also be done to make the demand side of consenting more efficient. Part of this is through education of practitioners and others submitting large volumes of consent applications, to improve the quality of consent applications – thereby saving everyone in wasted time and cost.

I recommend that the Minister, through the Ministry, consider:

- 1 working with the Registrar of Licensed Building Practitioners to add consent applications to the curriculum of regional and national sector training organisations, and investigate the options regarding the eligibility of training in consent preparation to qualify for skills maintenance points
- 2 develop and implement a plan to significantly raise the quality of consent applications from small Group Home Builders that do not qualify for participation in Streamline Consenting, alongside those from small builders and developers.

In time, should these considerations lead to further developments, greater efficiencies could be created through earlier education of practitioners. This would require a shared vision across central and local government and the involvement of a number of agencies, including MBIE, Worksafe, the Tertiary Education Commission and the New Zealand Qualifications Authority. Involvement of these agencies would also help develop continuous improvement mechanisms, identifying which education-based interventions were delivering the greatest efficiency gains.

### **Building (Forms) Regulations 2004**

The Council has made inroads into online consenting over the past 18 months, including being able to apply for a building consent online. However, the current process is constrained due to the Building (Forms) Regulations, which are more suited to hardcopy variants. This has led to an online application needing to be accompanied by a completed hardcopy building consent application (form 2), mitigating against the gains in time and cost offered by online forms.

I recommend that a sector reference group be established to assist MBIE to conduct a review of the Building (Forms) Regulations to ensure they take account of current electronic media and security systems. Improvement in this area would also align with Result 10 of the Better Public Services goals.<sup>5</sup>

## Trial and pilot new initiatives

My appointment as Crown Manager and the subsequent requirement to lift productivity and efficiencies to meet the increased demands of the rebuild, provided an opportunity to pilot and trial innovative building control system and process changes. Two examples are introducing a Quality Assurance Commercial Consenting pilot and Streamline residential consenting.

With the introduction of new legislative requirements, it could be advantageous for the government to utilise selected councils to pilot or trial new initiatives or innovations to inform further policy, training and guidance development, and proactively seek to share successful initiatives across other councils in the country. The Minister of Local Government has been supportive of trialling new initiatives in council-based pilots, announcing that electronic voting at the 2016 local government elections will be trialled with a small number of pilot councils.<sup>6</sup> The Minister of Building and Housing may thus wish to consider piloting or trialling building control initiatives with selected councils.

## Online consenting and better utilisation of consenting workforce

Presently, the processes and procedures of New Zealand's various BCAs has led to a number of different application processes and interpretations of both the Building Act and Building Code. The experience in Christchurch City, where the Council adopted the Alpha system used by the Selwyn District Council, has demonstrated the benefits of shared online consenting platforms for applicants, BCAs and the national consenting workforce.

The associated benefits and risks, as well as a contextual overview of the present situation, as described in Appendix 2 of this document. This includes discussion of how a standardised approach to consenting across BCAs would likely lead to better utilisation of the national consenting workforce. Encouragement for uptake of online consenting by BCAs would align with the government's Better Public Service targets, particularly Result 10. The Minister may wish to direct MBIE to investigate activities they can undertake to better facilitate movements to a common platform and the associated benefits of such a move.

## Observations for the Minister of Local Government

Having been the first person appointed a Crown Manager under section 258D of the Local Government Act 2002, I wish to make use of the opportunity of my final report to the Minister to reflect on observations I have made of the Crown Manager framework.

Carrying out my role has also provided me with some insights on the governance and institutional arrangements in the city and region. I provide my observations simply for noting by the Minister.

<sup>5</sup> New Zealanders can complete their transactions with government easily in a digital environment – an average of 70 percent of New Zealanders' most common transactions with government will be completed in a digital environment by 2017.

<sup>6</sup> <http://www.beehive.govt.nz/release/online-voting-be-trialled-2016-elections>

## Clarifying the powers and role of the Crown Manager

The task I was appointed to at Christchurch City Council was fundamentally a performance improvement and change management one. The Council and Crown required the building control functions of the Council to lift their performance and regain the trust and confidence of the Council's key stakeholders.

To do so, changes were needed to the structures, capacity and capabilities of staff employed in the building control area. While it was clear that I had the power to provide direction to the Council, it was less clear whether I had the authority to decide on matters of employment. My powers did not replace the governance and management employment responsibilities of the Council.

In practice, this lack of certainty did not present a barrier to implementing changes, as I had the active support of the Acting Chief Executive, Jane Parfitt. Proposals and decisions relating to staffing changes were led by Jane on my behalf.

With the possibility of future Crown Manager appointments in mind, I recommend that the Department of Internal Affairs, as the administering agency for Crown Manager interventions, clarify and ensure that the powers of the Crown Manager are commensurate with and suited to the nature of the task.

## Governance and institutional arrangements in local government

Christchurch currently finds itself with unique governance arrangements. The presence of CERA and the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) creates institutional arrangements not found elsewhere in New Zealand. Roles and responsibilities are allocated across not only a territorial local authority and a regional authority, but also third and fourth agencies as temporary measures in response to the Canterbury earthquakes.

Within each of the core local institutions, there has been a higher than usual level of Crown involvement. I was appointed as Crown Manager to the Christchurch City Council in 2013, and the Canterbury regional council, ECan, has been governed by Commissioners since 2009, following a review and subsequent intervention by central government.

Since my term as Crown Manager came to a close, CERA has ceased operation as an independent department, becoming a Departmental Agency within the Department of the Prime Minister and Cabinet (DPMC). CERA will continue to play a role in the recovery of Christchurch following the earthquakes and the change of its agency type does not denote an immediate cessation of the complex local government arrangements for Christchurch.

### Changed demographics and patterns of growth

The earthquakes have changed the nature of the relationship between Christchurch City and its surrounding districts. The 2013 Census recorded a population decrease of 2.0% for Christchurch City from the 2006 Census, but an overall increase of 2.6% for "greater Christchurch". Many former residents of Christchurch City now reside in Selwyn and Waimakariri Districts, which are among the fastest growing territorial authority areas in the country. Selwyn District alone has had a 32.6 percent increase in its population since the 2006 Census.

While they remain separate territorial local authorities, I note that the three areas share a number of common interests in areas such as transport, labour market participation and recreation: functionally,

there is an argument to be made that the three areas form part of a wider community of interest post-earthquakes.

One immediate impact is that much of the growth in Selwyn and Waimakariri is reducing commensurately the revenue base for Christchurch City, yet many of the residents of those areas will benefit from the regional infrastructure and services provided by Christchurch City. Given the significant fiscal constraints and challenges facing Christchurch City, the question might be asked about whether the right local government boundaries are in place to recognise where costs and benefits fall.

Given the priority focus on the rebuild of Christchurch, it is doubtful that consideration of changes to the local government boundaries would be helpful in the short term. The relevant councils may, however, wish to consider how the three areas should work together in the post-earthquake environment, particular in respect of those functional areas of common interest. I note in this context how Christchurch City's use of the Alpha system arose through its earlier adoption by the Selwyn District Council. This cooperation with the Selwyn District Council was most helpful.

### **Drivers for change**

As well as the changed relationship between Christchurch City and its neighbouring districts after the earthquakes, I note a number of other considerations suggesting governance reform may be considered at some point in the future.

- The fragmented and overlapping responsibilities for transport in the city and region.

ECan is responsible for regional transport planning, and in particular for the provision of public transport. Christchurch City Council and neighbouring district authorities are responsible for managing and maintaining the roading and related network assets. Commensurate with demographic shifts in the region, transport usage and patterns have also changed.

It would arguably be helpful from a planning and investment perspective, but also from a transport user perspective, if a single authority was in charge of all aspects of transport in order to take a seamless and strategic approach to transport in the city and region.

I note that this issue is not straightforward. Merely combining the transport functions of ECan and Christchurch City Council would be unlikely to be sufficient – the transport functions of the neighbouring district councils are also relevant. Consideration would also need to be given to the effect that merging the regional and city/district council functions would have on (a) the remaining parts of the Canterbury region and (b) on the regional and city/district organisations themselves.

A further complication is the future governance arrangements for ECan. ECan currently has seven Commissioners appointed by the government, whose terms are scheduled to end in 2016. Future arrangements beyond that are the subject of a Ministerial review.

- The governance changes in Auckland that have resulted in a single (unitary) authority governing all of Auckland. The new Auckland Council, and the Better Local Government reforms that followed shortly after, have led many parts of the country to consider whether changes are required to local government and in particular whether the unitary authority model (with local boards) is a suitable model for them.

Certainly there is a prima facie case that more integrated governance for Christchurch would be beneficial for its residents and business. I would caution, however, against leaping to a unitary authority model for Christchurch. Context is everything when assessing optimal governance



arrangements – the issues, history and drivers in each area tend to be subtly different. I note that whereas in Auckland its previous regional boundaries largely matched its urban and associated 'lifestyle' communities of interest, the situation in Canterbury is starkly different. ECan is responsible for an area covering a significant part of the South Island – the vast majority of its region by land is rural, with a strong primary and agricultural industry basis.

The rural areas of Canterbury are highly likely to benefit from the significant urban ratepayer base supporting the provision of regional functions in those areas, and I doubt that setting up a fully-fledged Unitary Authority for Christchurch would leave the remaining areas with a viable regional council. It is also questionable whether the remaining districts could each absorb all of the responsibilities of ECan.

There are of course alternative and bespoke governance models available, whether through the creation of a regional water authority, a transport authority, the use of council controlled organisations (CCOs) and other shared service arrangements and so on. For Christchurch to best be able to fulfil its role as the economic centre of the South Island and an important economic hub for the country, a bespoke model for future local governance arrangements may need to be seriously considered for the city. A one-size-fits-all model can act as a limit for policy innovation – that has certainly been the conclusion in the United Kingdom, which has signalled a move away from a one-size-fits-all model towards city deals.<sup>7</sup>

The key point is that there is a strong case for the emerging rebuilt city of Christchurch and its neighbouring areas to actively consider the best form of governance into the future. When the time is right, careful consideration should be given to the specific issues and drivers for the region and a wide range of governance models considered before engaging with the residents and business on a possible way forward.

<sup>7</sup> *Unlocking growth in cities* White Paper.

# APPENDIX 1: RECOMMENDED 2015 ACTION PLAN

On 15 July 2013, Doug Martin was appointed as Crown Manager to Christchurch City Council (the Council) as a result of International Accreditation New Zealand (IANZ) withdrawing the Council's accreditation as a Building Consent Authority (BCA) and its authority to issue building consents. This action was taken by IANZ after a long and well-documented history of issues relating to the quality and speed of the Council's building consent processes and decisions under the Building Act 2004 and related regulations.

Under section 258D(4)(a) of the Local Government Act 2002, the Crown Manager has the power to direct the Council, and it must comply with the directions and any reasonable requests to provide any relevant information that the Council holds (section 258D(6)). The Crown Manager does not replace the councillors or council management. The Council also retains legal liability for any and all operations while the Crown Manager is in place.

In December 2014, after 18 months under the Crown Manager, IANZ re-accredited Christchurch City Council as a BCA. As a condition of granting accreditation, IANZ will return in August 2015 to assess the Council's BCA function, to assure compliance is being maintained.

As required by the Terms of Reference, the Crown Manager must develop a final report, which shall include any recommendations for further action.

The Building Control Group has initiated a number of transformational activities over the past 18 months. These new systems and processes, when combined with the deliverables recommended in this Action Plan and other regulatory and system improvements recommended to the Crown, aim to ensure that the Council maintains its drive to continuously improve and deliver efficient and effective service gains to customers, reduce operating costs and generate productivity improvements.

This Action Plan contains three strategic areas:

- **Improvements**
- **Education**
- **Communications**

Together, the three areas contain eleven key deliverables. The Action Plan and the activities that underpin it provide a framework for reporting on progress to Ministers and to the Council. It is recommended that this reporting occurs quarterly, with the first report to cover the quarter to 30 June 2015.

The 11 deliverables contained in this Action Plan are often accompanied by a series of actions that are suggested as a way to achieve the deliverables sought. These detailed actions are provided with the intention that they will assist the Building Control Group in determining the various activities required of them to achieve a successful outcome. It will be up to the Council how it achieves the deliverable sought within the suggested timeframe – as circumstances change, better ways of achieving the outcomes may of course be found. The Building Control Group can communicate and explain any variance in the actions it undertakes through its reporting to Ministers and Councillors.

# Improvements

## Maintain IANZ Accreditation

After gaining IANZ Accreditation, history has demonstrated that there is the potential for BCAs to relax and let old practices resurface. It is important for the Council to be vigilant in this regard and maintain an imbedded process of continuous improvement in the Building Control Group as business as usual.

IANZ has granted Accreditation to the Christchurch City Council BCA on the condition that IANZ will return in August 2015 to undertake an assessment a year on from the delivery of the IANZ Corrective Action report. IANZ seek surety that systems and processes are embedded and outcomes are still appropriate and fit for purpose

Resourcing is still a critical factor for the success of the BCA maintaining its accreditation. In particular, the Quality Assurance and Business Intelligence teams within the Building Control Group will be essential to enhance and improve the systems and processes already in place. Ensuring appropriate resourcing for these units will be essential to the success of the Building Control Group.

### **Suggested actions to complete:**

- 1 Respond to IANZ requests, including any Corrective Action Requests, to retain the confidence of IANZ and accreditation.
- 2 Comply with policies and procedures as lodged in the "Vault" (Christchurch Building Control online process and procedures manual) and as amended from time to time to take account of changes in business rules.

Completion Date: Ongoing

- 3 Prepare a Building Control Group resources management plan including identifying the required mix of skills and competencies and formulate appropriate succession planning.

Completion Date: 1 July 2015

## Streamline Residential Consenting

A major problem facing the consenting team is the poor quality of consent applications. Requests for Further Information (RFIs) are required for most consent applications due to the poor quality of consent documentation. The lack of quality and the need to issue RFIs adds to the time and cost to process a building consent.

Streamline consenting was developed to address this issue.

The key elements of Streamline are as follows:

- The Council defines what constitutes a qualifying building.
- The Council prepares consent preparation guidance material for participation and provides initial training to design and consent preparation staff and feedback on consents received.
- Consent requirements are prescriptive and non-complying applications are rejected.
- No RFIs are issued but a phone call will be made if missing information can be provided within 1-2 hours.

- Consents are processed and either granted or refused.
- A fixed fee is charged to the applicant.

A group of five Group Home Builders, producing low risk buildings are piloting the new Streamline process. The work undertaken by MBIE is the basis for the definition used for a low risk building.

Pilot participants were given an indicative turnaround time of two days, provided the consent application is complete. Initial findings indicate that a Streamline Consent can be processed in an average time of 4 hours. All complete Streamline consents have been processed within 24 hours of receipt.

As the industry takes up the Streamline option, the volume of applications will increase. While the time taken to process a Streamline consent is considerably less than a standard consent application, the maximum time to process a Streamline consent should be no longer than 5 working days.

The Streamline process has eliminated any involvement in the consenting process by Administration or Vetting and Allocation staff except where a Streamline application is refused and a reversal of consenting charges is required. The time saved represents approximately 2.75 hours per consent.

The Streamline principal defines the Councils requirements for a consent application and rejects applications that do not meet these criteria.

It is proposed that this principle be extended to all residential building types, including new builds and alterations or additions, and for all types of applicants.

### **Implementation**

The Streamline Consenting system compliments the current consenting process. Extending the Streamline programme to include other building types and building client demographics is considered within the wider context of the Crown Manager's report.

Phase 1: Streamline – Low risk buildings implement as business as usual

#### **Suggested actions to complete:**

- 1 Complete the pilot for Streamline low risk buildings.
- 2 Confirm applicant's eligibility and quality control requirements.
- 3 Develop and document appropriate sector guidance and process information.
- 4 Provide a feedback report to MBIE on the development and implementation of Streamline consenting.
- 5 Offer the Streamline consenting processes for low risk buildings to all qualifying Group Home Builders within the Christchurch City Council jurisdiction building 20 or more dwellings per year.

Completion Date: 30 June 2015

Phase 2: Streamline – Offer Streamline to all Group Home Builders

- 6 Explore extending the scope of applications to include more complex designs from Group Home Builders who are already participating in the Streamline consenting processes for low risk buildings.

Completion Date: 31 December 2015

## Quality Assurance Commercial Consenting

With support from MBIE, the Council has developed and implemented a commercial quality assurance based building consenting process (QA Consenting) pilot. The aim is to speed up the building consenting process for appropriate commercial activities and practitioners, improve overall quality of business practice, and share appropriate responsibility and accountability between the BCA and the industry.

Suggested actions to complete:

- 1 Review pilot processes and outcomes, and implement appropriate findings into commercial consenting 'business as usual'.
- 2 Develop full process documentation and related forms and check sheets for those QA Consenting elements.
- 3 Develop full guidance and training material for applicants and industry.
- 4 Promote Pre-Application meetings and review process and linkages with Resource Consents.
- 5 Continue to work with MBIE with regard to informing the development of regulations required for national implementation of the relevant sections of the Building Act Amendment 2012.

Completion Date: 1 July 2015

## Enable copies of every inspection report to be sent to multiple recipients

Transparency of inspection results to all parties involved is an important component in improving the quality of construction and reducing inspection failures. The Group Home Builders do not receive copies of inspection reports unless they request them from their contractors.

The Council's regulatory computer system (Connect) requires modification to allow this process to occur automatically without intervention by either inspectors or administration staff.

**Suggested actions to complete:**

- 1 Develop a process to enable copies of every inspection report to be able to be sent to multiple parties.
- 2 Modify where appropriate the Council's regulatory computer system and inspection field technology system (GoGet) to enable inspection reports to be sent to the builder requesting the inspection, the owner and the agent. This must be a priority component for Phase Five of the Connect Enhancements Project and receive the required level of funding. .

Completion Date: 30 June 2015

## Alpha Digital Building Consent Processing System

In November 2013 a trial was undertaken of the Alpha Building Control system to establish its effectiveness and measure its benefits as a replacement for the existing manual processing system. The review of the trial concluded that once a Building Control Officer (BCO) is trained and familiar with the system, it is possible to reduce the processing time for a given consent by up to one hour.

A business case and IM&CT Rough Order of Magnitude (ROM) have been developed.

**Suggested actions to complete:**

- 1 Council has approved the project and must complete negotiations with the vendor to into a two year contact.
- 2 The Alpha system will then be introduced progressively and training provided to all consent processing staff.
- 3 At the same time the Council's building control contractors will also be provided access to the Alpha system to process Christchurch's building consents, via the Council's remote access service.

Completion Date: 30 June 2015

## **Administration and Invoicing Systems Review**

During the Building Control Group's accreditation and wider Crown Manager's programmes of work, it has been identified that there are areas within administration and invoicing systems where efficiencies and savings could be realised. A major component in the projected savings is the introduction of online application forms. The use of online application forms is expected to save up to 30 minutes in administration time per application. A similar time saving per consent is expected from a revised invoicing system.

There is a need to review the activities of the Administration Teams within the Customer and Business Services Unit and identify how their functions may be redesigned to provide more efficient and effective support for Building Control Group functions.

**Suggested actions to complete:**

The review could be managed in 3 phases:

**Phase One** - review all administration activities associated with the consenting process:

- Stage One: Validate and confirm the applicability of the time savings identified as part of the implementation of Streamline Residential Consenting. This will include evaluation of actions taken to date by the Administration Team Managers.
- Stage Two: Develop and implement action plans to realise the identified time savings in Stage One.
- Stage Three: Review the other functions associated with consenting including amendments and variations to identify opportunities for time savings and improvements in efficiency and effectiveness.
- Stage Four: Develop and implement action plans to realise the identified time savings in Stage Three.
- Stage Five: Implement online forms and invoicing changes

Completion Date: 30 June 2015

**Phase Two** - review the PIM coordination processes, while being cognisant of the Council's wider self-service project, and identify process improvements. Develop and implement action plans to realise the identified time savings.

Completion Date: 30 June 2015

**Phase Three** - review all other administration functions of the Customer and Business Support Unit and identify recommendations to improve efficiency and effectiveness. An implementation plan will be developed to realise the projected improvements in efficiency and effectiveness.

The expected benefits are:

- Redesign of Administration activities and processes to provide improved support of Building Control Group strategic and operational functions.
- Implementation of key time savings identified as part of the Streamline Residential Consenting project as business as usual processes.
- Implementation of key time savings identified during the course of the review as business as usual processes.
- Significantly increased efficiency and effectiveness of administration processes.

Completion Date: 30 June 2015

## **Streamline Code Compliance Certificate Process**

The Code Compliance Certificate (CCC) project has been established to transform the CCC processes for residential buildings and particular alterations (such as solid fuel heaters). The primary objective of the project is to develop and implement a solution which enables the issue of a CCC within one working day of successful completion of the final inspection.

The programme would be managed in three phases:

### **Phase One**

Review the CCC process and identify the tasks required, how long each takes to implement, review what is done and ask why it is done, how can it be done better and who is best placed to do it. The outcome is expected to be a Streamline CCC process within the Council and a detailed set of instructions for the applicant to complete and collate prior to applying for a CCC.

Completion Date: 30 June 2015

### **Phase Two**

Pilot the streamlined CCC process with three of the larger Group Home Builders and solid fuel heating installers, to test the process and ensure that the projected benefits can be realised.

The pilot will be monitored and reviewed and a decision can be made to adopt the pilot process as business as usual, with amendments as required.

The expected key benefits are a significant increase in the efficiency in the CCC administration processes; a reduction in costs within the CCC processing group; Code Compliance Certificates can be issued within one working day of final inspection where the applicant provides all the required information; and an improved and transparent customer experience.

Completion Date: 30 June 2105

### **Phase Three**

Implement the new CCC process into Business as Usual.

# Education

## Raising the quality of building consent applications from Architects and Group Home Builders

The overall quality of building consent applications is low and adds to the time required to process a consent. Requests for information (RFIs) are required for over 80% of all residential consents generally. The Building Control Group must work with the sector and MBIE to raise the quality of consents.

Suggested actions to complete:

- 1 Develop and implement a plan to raise significantly the quality of consent applications from architects and designers.

Completion Date: 31 December 2015

- 2 Engage with MBIE to seek assistance in preparation of educational material and delivery of appropriate training to the sector.
- 3 Discuss with MBIE, including the Registrar of Licensed Building Practitioners, ways in which to influence the curriculum of Canterbury based sector-training organisations.

Completion Date: Ongoing

## Education to reduce inspection failure rates

The inspection failure rates reported by the Council are high by any standard. Residential failure rates have averaged 25% in the first five months of the current financial year. Commercial inspection failure rates averaged 29% over the same period.

The rates of inspection failure can be reduced by a higher level of performance by builders to meet inspection requirements without the Council reducing inspection standards and allowing sub-standard work to pass inspection. A draft inspection guidance document has been developed and is being evaluated for effectiveness in reducing inspection failures in a pilot with five Group Home Builders.

**Suggested actions to complete:**

- 1 Identify the high level reasons for failure of inspections
- 2 Review the success of the pilot and amend the guidance material as required to improve its effectiveness. The guidance material must include all documentation required to pass the inspection.
- 3 Distribute the guidance material to all building companies, Licensed Building Practitioners, sector trade groups and building supplies retailers, and publish it on the Council's website.
- 4 Review and amend business rules where appropriate to ensure that all documentation required to pass an inspection is provided to the inspector at the time of the inspection and promulgate to the sector.

Completion Date: 30 June 2015



- 5 Undertake a six monthly review of the guidance material with a sector focus group to ensure that the material remains current and reflects activity within the sector.

Completion Date: First review completed by 30 June 2015.

## Inspector training and consistency

A second important factor in the level of inspection failure reports is a lack of consistency between Council inspectors for the same or similar inspections. There is a wide variation in the level of inspection outcomes, which should be addressed as a matter of urgency.

Suggested actions to complete:

- 1 Analyse a representative sample of failed inspections by each building inspector by inspection type and building category to identify the reasons for failure.
- 2 Prepare a plan to facilitate consistent inspection decision making on inspection outcomes. The plan should include the determination of pass/fail requirements to be incorporated in an inspector training manual.

Completion Date: 30 April 2015

- 3 Implement an inspection outcome consistency programme for all residential and commercial inspectors. The implementation could consist of initial training, to be followed by six monthly consistency reviews for all building inspectors or as inspection consistency issues arise.

Completion Date: 30 June 2015

## Communication

### Communication with the Sector on change initiatives

Relationships with the building sector have improved markedly over the last year. This improvement is due to a number of factors including:

- The Customer Advisory Group meetings
- Direct communication with sector leaders and participants
- Demonstration of changed behaviour by way of improved levels of service.

The Council needs to maintain a high level of sector engagement and respond to sector expectations.

**Suggested actions to complete:**

- 1 When any of the above action points are initiated it should be communicated to the sector by the most appropriate means and updated quarterly
- 2 When an initiative has been completed successfully that information should be communicated to the sector immediately.

Completion Date: Ongoing

# APPENDIX 2: BENEFITS OF ONLINE DIGITAL CONSENTING

The Building Act 2004 sets out the framework for New Zealand's building control system governing the construction of buildings and other structures. Responsibilities are delegated to local authorities who carry out the functions of a BCA under the Building Act.

Over time each BCA has established and refined its own systems and processes, and its interpretations of both the Building Act and the Building Code. By and large, these systems and processes tend to rely on paper-based applications; however, increasingly architectural designs and plans are generated using digital computer-aided design packages (commonly referred to as 'CAD'), that have the potential to be lodged electronically directly to the BCA, creating a paperless building consenting system.

However, this potential can only be realised at a handful of BCAs, as few have adopted online digital consenting systems (such as the Alpha system adopted by Christchurch City Council). This is one of a number of different experiences applicants can have across different BCAs, whose expectations and processes vary, often on an individual basis. Differences include varying information requirements, processing times, costs and decisions, despite all BCAs operating under the framework of a single set of building regulations.

The lack of common approach increases costs for all parties involved as opportunities for reaping the potential benefits of scale (cost, capability, capacity, efficient deployment of labour, shared learning and quality) are unable not taken advantage of, other than through ad-hoc efforts between BCAs.

A common online system for processing consents would open up the potential for common system capability, allows BCAs to shift excess building control labour towards those areas experiencing high consenting demand, which would be a far more efficient use of a relatively scarce resource than currently is the case. Such an approach would also allow councils with generally low levels of consenting demand to retain a core capability, as they could use their staff's excess time to support other councils during periods of their peak demand.

An important part of the activities undertaken at Christchurch City Council while I was Crown Manager included the trial and implementation of an online building consent application and processing system, Alpha. This system was already being successfully used by the Selwyn District Council. Following its further development there is now an opportunity to make the system implemented in Christchurch available to other BCAs in New Zealand. This will deliver economies of scale and increase the transferability of skills within the sector. This would be an important development, as the Council was forced to utilise an international recruitment campaign to obtain the required human resources due to a skill shortage within New Zealand.

A series of encouraging conversations have been held with the Auckland and Wellington City Councils about the potential uptake of a common online processing tool that would foster greater collaboration and consistency between the country's three largest BCAs, which collectively process nearly 56% of New Zealand's consents by dollar value.<sup>8</sup>

<sup>8</sup> Based on new consents issued in the 12 months to December 2014. Source: MBIE Modelling and Sector Trends

There is a risk, however, that with the Christchurch City Council needing to focus on its core building control role in supporting the city's rebuild, progress towards a shared online system and the benefits that would create will stall. I have therefore recommended that the Minister considers directing Ministry for Business, Innovation and Employment to evaluate how it might support the timely progression of this initiative.

If, and when, the Auckland, Christchurch and Wellington City Councils use a common online platform for consenting, other councils from across the country could be encouraged to adopt it, spreading the benefits (and defraying the costs) further afield.

## Discussion: collaborative building control online digital consenting

### Current state

The absence of the ability to submit consent applications digitally and online creates a large number of inefficiencies, ultimately raising costs for all parties involved in the consenting application process. The majority of architectural and engineering designers now utilised CAD systems in the development of designs. With these designs being unable to be submitted digitally online to BCAs, applicants need to print two copies and submit hardcopies to the BCA.

The processes within many BCAs then sees paper copies scan into a digital property system, creating unnecessary steps which could be eliminated through enabling digital submissions. This inefficiency has seen many in the design sector call for a digital consenting system.

There is a very real need to simplify and improve the consent system by providing a full digital experience to the applicant, from application to processing to inspection to the final approval process and issue of a Code of Compliance Certificate (CCC). Such a development would align with Result 10 of the Better Public Services targets.

### Current initiatives

There are a number of local initiatives into the digital space, including the Selwyn and Kaipara District Council's partnership with Alpha One, a New Zealand developed online digital application and building consent processing system. While I was Crown Manager, the Christchurch City Council trailed and evaluated the Alpha system and the Council approved the implementation of Alpha in December 2014. As such, the Alpha system is already creating benefits for councils and submitters in parts of the Canterbury region.

### Intermediate state

The Christchurch City Council is in a two-year contract with Alpha One. As Auckland and Wellington City Councils presently provide building consent processing assistance to Christchurch, all consenting contractors will be provided remote access to the Alpha system, allowing them to process applications.

Use of Alpha has created several clear benefits for applicants, such as consistency in processing technical decisions, elimination of replication through paperless processing and transparent application processes, whereby applicants can monitor the status of their application.

As Auckland, Wellington City and Christchurch City Councils and private consenting contractors increase use of the system, it is expected to lead to greater consistency of technical decisions across the country.

## **Vision for a future state**

Conversations with Auckland and Wellington City Councils indicate a willingness to move towards a common digital consenting platform for alongside Christchurch. Uptake of a common online processing tool would foster greater collaboration and consistency between the country's three largest BCAs. As noted, these three councils collectively process 56% of New Zealand's building consents by dollar value.

Ratepayers would benefit through a joint metro purchase and development of the Alpha system. In turn, the three councils would likely investigate options to provide access to online building control services to the rest of New Zealand, creating a digital experience for local government run by local government. This could also provide a catalyst for national consistency and service improvement. An example could be the collaboration on developing consistent protocols for the collection, retention and retrieval of building consent and property information.

The proposed strategy in Appendix 1 includes changes in behaviour to lift building quality and performance and improve skills and professionalism. It seeks to use technology to enhance and improve service delivery, provide opportunities for sharing of resources, increase transparency and continuous improvement of the consent process. The strategy recognises an opportunity to prevent BCAs duplicating financial and executive resources by implementing their own electronic solutions to building control processing. It also facilitates discussion on common standards, technology and processes and realises an opportunity to influence national consistency.

## **Benefits**

### **Applicant**

Wider use of the Alpha system throughout local government would deliver a number of benefits for third parties submitting applications to a BCA. Familiarity with the application process would reduce the time required to prepare an application. Use of a digital platform would reduce costs associated with physical submissions, such as photocopying, and eliminate the need for several days allowance for mail delivery. Applicants would be able to receive updates on the status of an application online. Other efficiencies which would benefit an applicant include the improved timeliness of inspections (enabled by digital field technology for inspections), savings on scanning costs and reduced consent charges due to lower costs for the BCA.

### **Building Consent Authority**

A shared digital platform would set a benchmark for an online consenting system in New Zealand – reducing confusion around whether individual systems would allow a BCA to fulfil IANZ obligations.

Much of the benefit lies in reduced time and costs for a BCA, which are realised in reducing the number of applications lodged over a counter, online payments reducing cash management time (and risk) and enabling more readily accessible internal sharing of applications electronically, less need for phone calls with applicants, time savings for scanning, reduced scanning and storage costs.

Efficiencies in human resources may also be potentially realised, either through reallocation of staff elsewhere in the BCA or staff reductions.

## **National**

Digital processing of applications would improve the accuracy and availability of data on building consent numbers, classifications, processing times, requests for information and costs. Improved data, in turn, would enable more efficient and accurate Building and BRANZ levy calculation and collection.

A national standard for digital consent processing would also improve national consistency in technical interpretations and decisions.

## **Risks**

If councils outside of Auckland, Wellington and Christchurch delay their uptake of a digital solution led by these three territorial local authorities, benefits will be reduced – mainly for the remainder of the country.

Poor integration with existing processes and systems may arise, especially in a move to a national system. Christchurch's adoption of Alpha (which was designed for Selwyn District Council) coincided with changes to internal processes, personnel and management structures. This was a unique situation and will not be the case for most councils looking to adopt the new system. Information systems always necessarily require some adaption in processes and people.<sup>9</sup>

Inadequate integration with existing processes and systems will limit benefits due to:

- cost increases and time delays incurred through problem resolution in adapting processes
- a BCA not making the necessary changes, resulting in reduction in the benefits (cultural resistance to change).

Very few benefits will be realised if applicant uptake is low – the existing costs of processing applications in a non-digital manner would remain, coupled with the costs associated with using and maintaining the digital system. This may also lead to abandonment of the digital system by a BCA, which would only increase costs and deliver no benefits.

If other BCAs have preferred options for alternative vendors, this would create duplication and reduce benefits through commonality and familiarity for applicants and the consenting labour force.

## **Efficient utilisation of the national building control workforce**

A common online platform would increase labour mobility between BCAs, as staff would not require training to use online platforms at other BCAs. This would enable the use and creation of a common

<sup>9</sup> *Information Systems Management* – David Kroenke.

pool of human resources, providing greater resilience to supply pressures created, in turn, by demand pressures – as was experienced in Christchurch.

Ultimately, continued development of digital platforms may further enable BCAs to connect virtually with staff, who would be able to work from anywhere. Councils facing low demand would then be able to come to contractual arrangements with councils facing higher demand. Such transactions could either be facilitated directly between councils or, if an information breakdown seems likely to exist, by a central agency, such as MBIE. Proactive planning based on historical data would enable human resources to be committed to areas anticipating higher demand ahead of time.