

18<sup>th</sup> February, 2013.

## NZ PRODUCTIVITY COMMISSION SUBMISSION

- **How does compliance with local government regulations affect your organisation?**

### Response:

The effect of compliance on our business is greatly affected not only by the Central Government regulations but the interpretation by Local Government and the way the rules are implemented.

Our business is affected by both the Resource Consenting and Building regulations.

The manner in which these are interpreted affects not only through the costs involved but also the time it takes to process.

Many of the delays are caused by the Risk Averse nature of the Councils and the manner in which the processing staff implement the Rules and regulations.

Historically the first response by staff is to say no and for clients to be sent away to either gather further information or in deed give information that is either not required or is not requested in a timely manner.

Many projects do not go ahead because the bureaucracy is too great. (Or perceived to be too great)

- **Is it important that local government regulation is consistently applied across the country?**  
**Why/why not?**

Yes. Building regulations need to be consistently applied. Our business is primarily involved with prefabrication and as such is involved with many different Territorial Authorities. Consistency is an issue, particularly with regulations around fire regulations and the more recent liquefaction and the engineering interpretations of good ground and the requirements that are required to test the ground. The cost of compliance for sub floor design on light framed timber framed buildings appears to be excessive.

- **How should regulatory functions be funded?**

Currently the funding with Resource Consents and Building regulatory functions are through User pay, i.e. client to pay. However due to a lack of competition there is no accountability to the costs involved with either processing or implementation.

Regulatory and Compliance is heavily outwaying the requirement of the authorities be efficient in the way they go about their business. Currently processing fees are charged on an hourly basis and inspections on set fees, with discrepancies regularly been shown up.

There is no obligations from Councils to meet what should be reasonable costs as any potential efficiency or savings could mean staff, do themselves out of a job.

Common examples provided by the Council is the benchmarking against other councils. (Therefor no requirement to improve when benchmarking against potentially other lower performing councils)

Third party involvement with regards to attaining better efficiency is not encouraged and almost frowned upon, due to the reasoning that Central Government has imposed these rules and regulations and it is the Councils role in enforcing them.

Hastings District Council are promoting themselves as having a Risk Based Consenting Process, however this is only for Farm Buildings under 150m<sup>2</sup>. What is not recognised / acknowledged is that designers

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and construction companies used to complain about the time and costs associated with processing and inspections, while adding no value. While farm buildings are now exempt, little has been done to improve the efficiency involved with other aspects of lower risk buildings / alterations when little value is added to consenting or inspections. i.e. Low risk buildings take the same to process as more difficult buildings with similar costs to process and inspect.

Up to 3 days are still required for building inspections, despite a recession.

- **How well are local authorities monitoring and enforcing compliance with regulations?**

Hastings District Council has a very strong monitoring and enforcement action plan.

- **How well are Maori perspectives included in decision-making by local authorities?**

HDC do provide a good joint committee structure on most large projects with a Cultural Liaison person available at all times.

### **Closing Comments**

The productivity Commission report is providing a good avenue to gather information from the business sector. However many small business owners do not have the financial support or time to provide you the issues they are currently facing.

I am currently reading the submission from HDC with regards to their report and it is a concern that there is no consultation with the many businesses that could have provided some information with regards to their expectations from HDC.

HDC has responded to my requests for consultation with the public by saying :*the public and businesses have the chance to respond directly*: However you will note in the HDC submission that the many benefits the Council are offering is without any support from the business or private sector.

### **Recommendation:**

Currently any complaints with regards to Resource Consent applications, Building Consent process or inspections are not fully supported by good business practice of achieving good customer satisfaction. Compliance and Regulatory function heavily outways any support Council provides to business plus costs of compliance are continually increasing without any benefit to the consumer. Not only costs but time delays. Clients fear retribution by Council and future repercussions if the raise concerns with service or complaints. An independent panel should be available to the public for providing feedback.

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