

1 September 2022

BRANZ SUBMISSION ON COMMERCE COMMISSION RESIDENTIAL BUILDING SUPPLIES MARKET STUDY DRAFT REPORT

SUBMITTER CONTACT INFORMATION

Chelydra Percy
Chief Executive Officer
BRANZ

████████████████████

PREFACE

1. The Building Research Association of New Zealand (BRANZ) welcomes the opportunity to provide feedback on the preliminary findings and draft recommendations outlined in the Commerce Commission's Residential Building Supplies Market Study draft report, dated 4 August 2022.
2. In this submission we will:
 - provide background on BRANZ and our role.
 - describe BRANZ's involvement in the study to date.
 - outline the scope of our submission.
 - provide our reflections on the draft report, its preliminary findings and draft recommendations.
3. This submission does not respond to all preliminary findings and draft recommendations of the draft report. We have addressed areas where we have insight, perspective or evidence to provide to the Commerce Commission (the Commission) which may be relevant to the Commission's work.
4. We welcome any further engagement with the Commission throughout the duration of the study. We are available to respond to any questions the Commission has in relation to this submission or previous information we have provided which has informed the study so far.
5. We are happy for the full contents of this submission to be made publicly available via the Commission's website.

ABOUT BRANZ

6. BRANZ¹ is a multi-faceted, independent science-led organisation. We use independent research, systems knowledge and our broad networks to identify practical solutions that improve Aotearoa New Zealand's building system performance. BRANZ is driven by the knowledge that to thrive as a society, New Zealanders need a built environment that is safe, healthy and performs well.
7. The BRANZ vision is to ***Challenge Aotearoa New Zealand to create a building system that delivers better outcomes for all.***
8. To do this, BRANZ cultivates strong relationships with industry, government and building users through collaboration and facilitating the sharing of insights, opportunities and ideas. These relationships underpin the range and depth of BRANZ's knowledge and ability to understand the linkages and interactions that influence the building system. This uniquely broad perspective not only influences BRANZ's research, but also our commercial services.
9. BRANZ undertakes and commissions research, funded by the Building Research Levy, which is both practical and drives positive building and construction system change. This work helps improve industry practices around the performance of buildings and how we use them, through to informing policy and legislation and all points in between.
10. BRANZ also contributes to practical improvements in Aotearoa New Zealand's built environment through independent product testing, assurance and consultancy services. Evidence-based advice is available at all phases of the product life cycle from preliminary R&D and standards compliance, through to verifying end-use product performance. A BRANZ assessment is universally trusted, providing assurance that the products should do what the manufacturer says they will do.

Our legislative mandate

11. The Building Research Levy Act of 1969² established BRANZ as an incorporated society. Through this Act, authority is given to levy building contractors to provide money for research into improved techniques and materials for use in the building industry. The Act sets out how the Levy can be used which includes conducting and funding building and construction research, publication, provision of advice and investment in capital assets to support research.

Developing our capabilities to deliver on our priorities

12. Our people and extensive facilities to support our research, consultancy services and testing work primarily resides at our campus in Judgeford near Porirua in Wellington. BRANZ has a team of over 100 highly skilled and experienced scientists, engineers and professionals at its heart who are passionately committed to ensuring the built environment is the best it can be. These people are critical to our success.
13. BRANZ uses a Campus and Asset Management Plan and Digital Futures Roadmap to ensure that our facilities, equipment and technology meet the industry research and testing needs for the future. The major element of this Plan is the redevelopment of the Judgeford campus with a three-year construction project which started in 2021. Modern fit-for-purpose facilities are key to BRANZ delivering our world-class research and testing expertise. New laboratories and workspaces will allow us to better meet the present and future needs for Aotearoa New Zealand. This strategic investment will create an innovative workplace that invites collaboration across our networks. In recent years, we have invested in enabling works to replace aging plant to prepare

¹ See: <https://www.branz.co.nz/>

² See: <https://www.legislation.govt.nz/act/public/1969/0023/latest/DLM391231.html>

for the campus redevelopment. We have advanced our research and testing capability by targeted investment in fire façade testing, climate/UV chambers and gas chromatography mass spectrometry.

Investing the Building Research Levy to address priorities

14. BRANZ invests the Building Research Levy to improve the building system performance by co-creating enduring solutions that make a real difference in the lives of people in Aotearoa New Zealand. Investment signals are developed through a range of means, from input by the Building Research Advisory Council³ and other stakeholders and through our biennial industry needs survey. We have core research programmes and invest in research across the system to meet the long-term knowledge needs and gaps as outlined in our Levy Investment Portfolio⁴. Research programmes are independently assessed against a framework to ensure the research outcomes meet the needs identified.⁵
15. Our current research is broadly aligned to four multi-year research programmes:
 - Transition to a zero-carbon built environment.
 - Warmer, drier, healthier homes.
 - Eliminating quality issues.
 - Building fire-safe densified housing.
16. We also fund other organisations across Aotearoa New Zealand to carry out research aligned with our priorities. Over the past 5 years (since 2017), we have directly funded 40 external research organisations to a total value of \$11.7 million. A component of this work is to support the future building and construction research workforce through funding, and in some cases jointly supervising, an annual cohort of Master's and PhD scholarships.

Our networks

17. We have collaborative relationships with universities, Crown Research Institutes (CRIs) and other research providers that are essential to the outcomes we are striving to meet. Shared information helps inform priorities for funding, ensuring we aren't duplicating effort and we are playing to our respective strengths and leveraging our respective resources.
18. BRANZ connects internationally with our counterpart organisations and through sitting on standard setting bodies. We have extensive connections across the building and construction sector in Aotearoa New Zealand. These networks ensure our work is relevant and of high standard and has actionable outcomes for the users of research. We are well connected with the government both as the building regulator and a facilitator of pan industry and government action such as the Construction Sector Accord.

Our system perspective

19. We have a strong history of system thinking in our work and this capability now underpins our organisational strategy to deliver on our vision. We view opportunities and problems for building and construction through that systems lens, which is underpinned by knowledge and insight gained through the work we do.

³ See: <https://www.branz.co.nz/about/building-research-advisory-council/>

⁴ See: <https://www.branz.co.nz/investing-research/>

⁵ For more information on our investment approach and the programmes we fund please see our recent Levy in Action publication: https://d39d3mj7qio96p.cloudfront.net/media/documents/Levy_in_action_2021.pdf

BRANZ'S INVOLVEMENT IN THE STUDY TO DATE

20. BRANZ has contributed to the Market Study throughout the Commission's work. A number of senior BRANZ staff met with Commission staff in December 2021. On 11 April 2022, the Commission (via [REDACTED]) sent a number of questions to BRANZ. These questions related to our role in the system as well as our views on issues impacting on competition.
21. These questions, and our responses are in the [Annex](#) to this document.

SCOPE OF OUR SUBMISSION

22. We have focussed our response to those preliminary findings and draft recommendations which relate most directly to BRANZ's role and through that role where we have broader insight or perspective. This includes two interrelated areas:
 - 22.1. The regulatory system. Much of BRANZ's research contributes either directly or indirectly to the regulatory framework for building and construction in New Zealand.
 - 22.2. Implementation of the regulatory system which includes our assurance and testing services that sit under the consultancy services part of our organisation.
23. We have not provided any commentary on the preliminary findings related to quantity-forcing rebates paid by established suppliers to merchants. Similarly, we have not provided commentary on the preliminary findings related to land covenants and exclusive lease terms associated with building supply merchants.

REFLECTIONS ON THE DRAFT REPORT, ITS PRELIMINARY FINDINGS AND DRAFT RECOMMENDATIONS

Commerce Commission's preliminary view on competition

24. BRANZ agrees with the Commission's preliminary view that competition for the supply and acquisition of key building supplies is not working as well as it could if it was easier for building products to be introduced into the New Zealand market. BRANZ also agrees that the regulatory system has features that prevent competition working well.

BRANZ system view – a complex regulatory system is driving uncertainty

25. We believe that the Commission has accurately identified a range of system dynamics and how they operate to create barriers to competition. However, we do not believe the proposed solutions will drive the required behaviour change within the system. We believe that to be effective any proposed solution must reduce the uncertainty which is being driven by a complex regulatory system. We think the Commission's preliminary findings need to give more consideration to the following:
 - 25.1. The complex regulatory system is driving uncertainty about how to demonstrate compliance with the New Zealand Building Code (Code) for system players such as designers, specifiers and Building Consenting Authorities (BCAs).
 - 25.2. To overcome this uncertainty these system players default to 'tried and tested' building products.

- 25.3. System players default to 'tried and tested' because they have trust and confidence in the information about the product, its performance, and its ability to be accepted by other system players. They also have confidence in the ability of the manufacturers and distributors to respond to, and resolve, product issues that may arise from time to time.
- 25.4. To increase use of new and innovative products, with a view to increasing competition, the Commission's proposed solutions need to support system players needs for trust and confidence.
- 25.5. This conservative behaviour is reinforced by the broader system that incentivises risk aversion.
26. In order to improve competition, any building regulatory system intervention recommended by the Commission will need to:
- 26.1. Focus on reducing regulatory system uncertainty.
 - 26.2. Be practicable.
 - 26.3. Improve trust and confidence.
 - 26.4. Be implemented in a timely manner.
- We recommend that the Commission, as they finalise their recommendations, provide evidence that these criteria are met.
27. We provide more detailed feedback below.

Why the regulatory system complexity is driving uncertainty

28. While the regulatory framework⁶ has been designed to allow flexibility to use new products, this flexibility is not enabling a wider range of products to be used.
29. We believe that this is because the regulatory system is too complex. This complexity creates uncertainty around how to ensure a product will comply. This uncertainty incentivises designers, builders and building consent authorities (BCAs) to favour 'tried and tested' building products. This is because they perceive a lower personal and organisational risk / consequence of making 'wrong' decisions if they use a product that is commonly accepted.
30. There is, in general, reluctance to use new or competing products given this uncertainty, as product manufacturers and distributors need to go to significant lengths to overcome that uncertainty.
31. The pathways for demonstrating product compliance that can provide more certainty are often difficult to determine or understand. The regulatory framework and associated regulations, standards, guidance make up thousands of pages of complex and hard to navigate guidance and information⁷. As John Gardiner illustrates, in his report for the Commerce Commission⁸, the pathway for compliance can be specific and varied due to many different factors such as wind

⁶ As described by MBIE at <https://www.building.govt.nz/building-code-compliance/how-the-building-code-works/>

⁷ See for example, Dr Nigel Isaac's recent perspective on the New Zealand Building Code in Newsroom: <https://www.newsroom.co.nz/batt-y-and-gib-berish-the-tens-of-thousands-of-pages-of-building-code>

⁸ See: https://comcom.govt.nz/_data/assets/pdf_file/0031/289363/John-Gardiner-Practical-issues-with-the-building-regulatory-system-for-suppliers-of-building-products-3-August-2022.pdf

and seismic zones, environmental zones (e.g., coastal and volcanic areas), building height, and fire risk.

32. This complexity is a major contributor to making the use of new products slow, costly and uncertain. Currently the system relies on a variety of mechanisms to overcome this complexity, including:
 - 32.1. Acceptable Solutions and Verification Methods which take significant time, effort and collaboration to create; and
 - 32.2. Independent verification processes such as CodeMarks and BRANZ Appraisals.
33. Typically, the more innovative or novel the product is, the harder it is to identify how best to demonstrate code compliance. For example, a new testing methodology for a product may need to be developed. With no existing compliance pathway, considerable time and cost is added to demonstrating code compliance. As an illustrative example, BRANZ over recent years has invested Building Research Levy funding, time, and research effort to investigate and develop an evaluation method for structural insulated panels (SIPs). These are increasingly being used in the building process internationally. There has, to date, been no information about how SIPs perform in the long term under New Zealand conditions. SIPs must comply with the New Zealand Building Code B2 Durability clause which sets a minimum requirement of 50 years for structural materials⁹. Demonstrating this compliance is a significant technical and time-consuming challenge.
34. There appears to be an implicit assumption underpinning the Commission's findings that if the regulatory system had been fully implemented as originally designed then it would be operating effectively now. This is supported by John Gardiner's report where he outlines the impact of slow and poor implementation. He notes that if all the recommendations of the 2008 review of the Building Code as mandated by the Building Act 2004 had been implemented, "...there would be a clearer articulation of the performance required of building and by inference the products used in buildings."¹⁰
35. We think the reasons why the 2008 review recommendations were not implemented need to be more fully understood. These reasons could be an indicator that the system was designed in a way that could not easily be implemented in practice. We hypothesise that this may be because fully developing compliance pathways to assist new and innovative products is too expensive, slow and resource intensive. The relatively small number of existing compliance pathways that do provide certainty (for example Acceptable Solutions and Verification Methods) suggest that implementation is a significant challenge – if it was easier more would be available.

⁹ See: https://d39d3mj7qjo96p.cloudfront.net/media/documents/SR429_Testing_an_evaluation_method_for_SIPs.pdf

¹⁰ See Page 7, paragraph 14 of John Gardiner's report.

36. We recommend the Commission investigates further, with key stakeholders who work within the processes to create compliance pathways, why this work has not been done. This work should focus on the time to complete, resource requirements, cost implications and barriers preventing these processes operating effectively. It should also include consideration to the process of harmonising New Zealand's regulatory framework with international standards and codes. During this work, it will also be important to determine whether industry concerns about capture of some aspects of these processes by specific interests are valid and can be overcome.

Priorities for implementing recommendations and resource implications need to be identified and understood

37. We recommend the Commission provides guidance on the relative priorities for implementation of their final recommendations. We would like the Commission to identify which will have the most impact on facilitating more competition in the system in the timeliest manner. This will enable the Government, in responding to the final report, to consider the potential resource implications for successful implementation.

BRANZ's response to the draft recommendations

38. Taking the perspectives and BRANZ recommendations above, our responses to the Commission's draft recommendations are below.

Draft Recommendation 1 – Introduce competition as an objective to be promoted in the building regulatory system

39. We support this draft recommendation to the extent that it sits within the regulatory system in a way that ensures that competition works to support the delivery of safe, healthy durable and affordable housing for New Zealanders. These core objectives of the regulatory system must not be compromised by adding a competition objective. To ensure the core objectives and the new competition objective are both achieved, the regulatory system would require a first principles redesign.

Draft Recommendation 2 – better reflect a Māori perspective in the building regulatory system

40. We support this draft recommendation. But for the same reasons we have identified in our response to draft Recommendation 1, Māori perspectives cannot be simply added on to an already complex and uncertain regulatory system. It would require a first principles redesign. The design work required to ensure there is sufficient certainty to support Māori perspectives should not be underestimated.

Draft Recommendation 3 – Create more compliance pathways for a broader range of key building supplies

41. As outlined above, we recommend the Commission undertakes an analysis to determine whether the implementation of this draft recommendation is practicable and implementable. We feel that, while creating more compliance pathways is in theory a good idea, there is insufficient understanding of whether this is achievable given the time, cost and resource requirements.

Updating and developing more Acceptable Solutions (AS) and Verification Methods (VM);

42. We note that in paragraph 9.39 of the report, the Commission points out the need for compliance pathways to neither be too specific nor too broad. The technical difficulty and time required to develop pathways is often underestimated. Deciding on the balance between specific and broad is in itself highly technical and time-consuming work (for example determining levels and methods of timber treatment).
43. We further note that the Commission in paragraph 9.40 of the draft report, says that MBIE regularly reviews the Building Code and associated Acceptable Solutions or Verification Methods. We commend MBIE's efforts in this area and BRANZ regularly supports this work through our research investments, knowledge and evidence. However, we have concerns that MBIE would require significantly more resource to do this work at the scale and pace required to positively improve competition. We are also concerned that both the resourcing and pace of change would be too burdensome on broader system players.

Enabling international bodies to certify products as compliant with the NZ Building Code as well as against other codes;

44. We are unclear about the efficacy of this recommendation in improving competition. We are currently unaware of any existing barriers preventing international bodies from certifying products for the New Zealand market. The likelihood of international bodies wanting to participate in the New Zealand market seems low for the following reasons:
- 44.1. The investment required in understanding the regulatory environment is high because of its complexity.
- 44.2. New Zealand is a small market where profits are seen as low relative to other markets. The business opportunity might not stack up for international certifying bodies to operate in the New Zealand market.
- 44.3. The processes related to the CodeMark scheme to become a Product Certifying Body (PCB) are complex, not easy and require ongoing annual cost and resource, such as the annual audit process.
- 44.4. New entrants would need to be supported to ensure that the system players such as BCAs had confidence in the product certificates being issued. There is some evidence to suggest that a lack of confidence in some CodeMark PCBs has undermined confidence in the whole scheme.
45. We are concerned that these factors will make it unattractive for international bodies to certify products. If the Commission is reliant on this as one of the mechanisms to improve competition, it needs to demonstrate that this solution will be effective.

Developing guidance that, for key building supplies that identifies the appropriate Building Code clauses and the possible means of proving compliance with those clauses.

46. As we have noted earlier, we have concerns about the viability of this recommendation. We are concerned the resource requirements from the regulator to standard setting bodies to other industry players would not be affordable or available to do at the pace to positively improve competition.

Draft Recommendation 4 – Explore ways to remove impediments to product substitution and variations

47. We support this recommendation. While we support this recommendation, we note that (as already postulated above) this places significant resource requirements on MBIE. They will be required to implement many of the recommendations in this report. In addition, they also have extremely important and necessary work underway such as the Building for Climate Change programme. We are concerned that the Commission's reliance on MBIE to implement the draft recommendations will not be sufficiently resourced and, therefore, will not improve competition within a reasonable timeframe.

Draft Recommendation 5 – Investigate whether barriers to certification and appraisal can be reduced

Reviewing the cost structure of the CodeMark Scheme or introducing streamlined certification process for low-risk products.

48. We are not opposed to the recommendation and will support this work if the recommendation is in the Commission's final report. However, we are concerned that this will have the effect of playing around the edges rather than having a substantive impact.

49. We note the CodeMark scheme has been reviewed a number of times in recent years. We feel that the relatively low engagement with the scheme by the industry (as evidenced by the number of certificates issued since its establishment) is in part a sign of low industry confidence in the scheme. This is despite its regulatory status which requires BCAs to accept a product with a CodeMark being compliant with the Code. We see multiple examples of where BCAs are reluctant to rely on CodeMark Certificates. We would caution that another review, particularly one focussed on streamlining the process, even just for low-risk products, could further undermine confidence in the scheme. We refer you back to paragraphs 25 and 26 of our submission relating to the importance of developing solutions which reduce uncertainty and improve confidence.

If the benefits were sufficient then government could consider contributing to the cost of certification and/or BRANZ appraisal.

50. Without seeing a cost-benefit analysis on this possible approach, we are unable to comment on whether this would have a substantive effect on improving competition.

Draft Recommendation 6 – Identify and develop methods to centralise information sharing about key building supplies

51. In paragraph 9.71 of their draft report, the Commission notes their preliminary view that information sharing is a key factor underpinning sound decision making across the building system. Our view is that information sharing alone will not enhance decision-making across the system.

52. There is a vast amount of information that is already available and accessible to building system players. The Commission correctly identifies in their draft report that is a lot of risk averse behaviours by building system players. In relation to information, this translates into a need from those system players to have a high level of confidence in:

- the actual the information,
- the purveyor of that information, and
- the verifier of the information.

53. We believe that the recommended actions should be strengthened to ensure that the information sharing actions focus on building confidence in the information so that it can be relied on. The bar for information integrity must be set high in order to reduce uncertainty.

Establish a national key building products register as a centralised repository for sharing information about building products

54. We support the establishment of a national building products register on the proviso that the sector has high level of trust and confidence in the register. BRANZ has funded GS1¹¹ to investigate the adoption of established and proven product data capture and data exchange technologies to improve construction sector productivity. This provides a useful basis for further consideration of this action, but further work will be required to consider a broader range of issues associated with liability, indemnity, and keeping a register updated and maintained.

Establish a BCA centre of excellence to facilitate a better co-ordinated and enhanced approach by BCAs to consenting and product approval processes.

55. We do not support the establishment of a BCA centre of excellence. One of the issues identified in the Commission's draft report is frustration for building system players from the lack of consistency between BCAs. This is in part because there are currently no incentives for BCAs to operate consistently. A centre of excellence would need to have the means (e.g., authority or ability to create meaningful incentives) to drive consistency across the BCAs and improved information sharing may result. We note that many BCAs currently work together in clusters to improve information sharing, such as the Metro Group.

56. Given that MBIE is undertaking its Review of the Building Consenting System, we recommend that this idea be passed to MBIE for consideration as part of that policy work. We do not think that the Commission's final report should include this recommendation.

¹¹ See: https://d39d3mj7qio96p.cloudfront.net/media/documents/ER56_Digital_product_data_LR12038.pdf

ANNEX

**BRANZ RESPONSES TO QUESTIONS ASKED BY THE COMMERCE COMMISSION 11 APRIL
2022**

Preamble

This document responds to questions asked of BRANZ by the Commerce Commission¹² as input into their market study into residential building supplies¹³.

For each of the three sections - *General functions of BRANZ*; *CodeMark*; and *BRANZ Appraisals*, we have provided introductory information with further background/reference material pertaining to these areas. Following these introductions, we have responded to the questions individually.

Please note, that unless otherwise stated our responses refer to the processes BRANZ uses in relation to CodeMark and our BRANZ Appraisals. For the avoidance of doubt, where a question refers to a product “appraised by BRANZ”, we have interpreted this question relating to a product that been through the BRANZ Appraisal process.

We welcome any further discussion and thank the Commerce Commission for their interest in BRANZ’s role in the building and construction system.

For any further requests for information, please contact:

Chelydra Percy, Chief Executive Officer, BRANZ, [REDACTED].

¹² Email from [REDACTED] to Chelydra Percy, Chief Executive Officer, BRANZ on 11 April 2022.

¹³ <https://comcom.govt.nz/about-us/our-role/competition-studies/market-study-into-residential-building-supplies>

BUILDING SUPPLIES MARKET STUDY

GUIDANCE TO BRANZ WHEN PROVIDING RESPONSES

Attachment A to this document contains guidance on how to provide your responses to the questions in this document and what to do if you are sharing confidential or commercially sensitive information.

QUESTIONS FOR BRANZ

General functions of BRANZ

Background

Our role

BRANZ is a multi-faceted, independent science-led organisation. We use independent research, systems knowledge and our broad networks to identify practical solutions that improve Aotearoa New Zealand's building system performance. BRANZ is driven by the knowledge that to thrive as a society, New Zealanders need a built environment that is safe, healthy and performs well.

The BRANZ vision is to *Challenge Aotearoa New Zealand to create a building system that delivers better outcomes for all.*

To do this, BRANZ has strong relationships with industry, government and building users through collaboration and facilitating the sharing of insights, opportunities and ideas. These relationships underpin the range and depth of BRANZ's knowledge and ability to understand the linkages and interactions that influence the building system. This uniquely broad perspective not only influences BRANZ's research, but also our commercial services.

BRANZ undertakes and commissions research, funded by the Building Research Levy, which is both practical and drives positive building and construction system change. This work helps improve industry practices around the performance of buildings and how we use them, through to informing policy and legislation and all points in between.

BRANZ also contributes to practical improvements in Aotearoa New Zealand's built environment through a suite of independent product testing, assurance and consultancy services. Evidence-based advice is available at all phases of the product life cycle from preliminary R&D and standards compliance, through to verifying end-use product performance. A BRANZ assessment is universally trusted, providing assurance that the products should do what the manufacturer says they will do.

Our legislative mandate

The Building Research Levy Act of 1969 enables the levying of building contractors. The Act requires the Levy to be used by BRANZ for the purposes of promoting and conducting research and other scientific work in connection with the building construction industry. This includes any or all of the following activities:

- the establishment and equipment of laboratories.
- the carrying out of tests and experiments on materials used in the industry or to discover improved techniques for use in the industry.
- the establishment and maintenance of a library.

- the encouragement of the study of building research and related matters.
- the allocation of grants.
- the dissemination of building research information through publications, seminars etc.
- the provision of general advisory services relating to building construction techniques and materials.
- the acquisition of land and / or erection and maintenance of premises.
- The payment of expenses incurred in connection with running the association.

BRANZ structure

BRANZ is structured into BRANZ Incorporated (BRANZ Inc.) and BRANZ Ltd which is a whole owned subsidiary of BRANZ Inc. BRANZ Inc. is an investor in industry good research and knowledge transfer to the wider building and construction industry. A core responsibility of BRANZ Inc. is effective stewardship of the Building Research Levy. This demands robust decision-making processes, a commitment to transparency and disciplined management of the Levy investments.

BRANZ Ltd is commissioned by BRANZ Inc. to undertake independent and impartial research and provides information and resources for the building system. It also undertakes independent research, testing, consulting work.

BRANZ is governed by Boards for both BRANZ Inc. and BRANZ Ltd. Both Boards have common members and have extensive building and construction, science, business and public sector expertise. Board meetings for each entity are held separately, and the responsibilities of each are clearly defined¹⁴.

Our quality systems

BRANZ is proud of the systems we have in place to ensure that our processes are as robust and of highest quality they can be. For more detail on our quality policy and the accreditations and processes we have in place please refer to our website¹⁵.

Our networks

We have collaborative relationships across the building and construction sector with universities, Crown Research Institutes (CRIs) and other research providers that are essential to the outcomes we are striving to meet. Shared information helps inform priorities for funding, ensuring we aren't duplicating effort and we are playing to our respective strengths and leveraging our respective resources.

BRANZ connects internationally with our counterpart organisations and through sitting on standard setting bodies. We have extensive connections across the building and construction sector in Aotearoa New Zealand. These networks ensure our work is relevant and of high standard and has actionable outcomes for the users of research. We are well connected with the government both as the building regulator and a facilitator of pan industry and government action such as the Construction Sector Accord.

¹⁴<https://www.branz.co.nz/about/our-board/>

¹⁵ https://d39d3mj7qio96p.cloudfront.net/media/documents/Quality_Policy_2019_Nov_v8_GPuECco.pdf

Responses to Commerce Commission Questions on *General Functions of BRANZ*

1. Who are BRANZ's members / owners, what is its operational and management structure, and how is funded?

Please refer to the background section on the General functions of BRANZ.

2. What are BRANZ's key functions or activities in relation to residential building supplies?

Please refer to the background section on the General functions of BRANZ.

BRANZ does not have any unique mandate or role specific to **residential** building supplies or the **residential sector** *per se*. Rather we have a broader role to support and understand the building and construction system. Our consultancy services can be utilised by companies and organisations in the building sector, including those providing residential building supplies.

3. How does BRANZ's work and its activities fit into the building regulatory system (the rules and system that is in place to regulate the construction of buildings in New Zealand)?

Please refer to Background section on General functions of BRANZ.

Our long-term research priorities and programmes develop new knowledge across a range of outcomes of relevance to the building and construction sector. This is often used to inform decision-making around the regulatory system.

In addition, we provide submissions to the Ministry of Business, Innovation & Employment (MBIE) as the regulator when they consult on policy, proposed changes to the Building Code, based on the knowledge we generate through our research.

BRANZ's research and expertise is also used to inform the development of standards, industry guidance and industry voluntary schemes.

Our consultancy services, which include research and testing, support product manufacturers and distributors to understand and demonstrate the performance of their products and systems. This can include demonstrating pathways to compliance with the Building Code and other standards. Please refer to more detail in the relevant sections below.

4. What services does BRANZ offer to persons operating in the residential building sector?

As signalled in response to question 2, BRANZ does not have a focus unique to the residential building sector. Our mandate is broader than the residential building sector and covers the whole of the building and construction system.

A wide range of our research and knowledge dissemination activities is used by the residential building sector. As noted in question 3 above, our consultancy services serve clients including those working in the residential building sector.

5. Who are BRANZ's major customers?

As signalled by our vision statement, BRANZ considers that the ultimate customer or beneficiary of our work is New Zealanders.

More specifically, we work across the building and construction system in New Zealand to deliver on our research and consultancy services. We consider the customers for our research and knowledge dissemination work to be builders, architects, engineers, specifiers and building officials. We also consider central and local government agencies to be customers of this work.

Customers of our consultancy services work include government agencies and New Zealand and international manufacturers and distributors of building products.

CodeMark

Background

CodeMark is a product certification scheme owned by MBIE. It is a voluntary building product certification scheme which provides a way to show a building product meets the New Zealand Building Code requirements according to the Building Act 2004.

BRANZ is one of four accredited product certification bodies in New Zealand who can assess, evaluate and certify a building product. The Joint Accreditation System of Australia and New Zealand (JAS-ANZ) is responsible for accrediting product certification bodies.

Building consent authorities (BCAs) must accept a CodeMark certificate as evidence of compliance with the Building Code, as long as the product is used in accordance with the use and limitations defined on the CodeMark certificate.

For more information on the New Zealand CodeMark scheme, please refer to MBIE's website¹⁶. This website also has a searchable Product certificate register¹⁷.

The approach BRANZ takes to providing CodeMark certifications is detailed on our website. This includes the process we use¹⁸, information about how to apply for a CodeMark¹⁹ and the approach we take to addressing any complaints and appeals associated with our process²⁰. In addition, our website also has a searchable register of the CodeMark certificates we have issued, as well as BRANZ Appraisals²¹.

BRANZ is also accredited as a product certification body under the Australian CodeMark Scheme²² which is similar, though managed separately.

6. How do CodeMark certificates fit into the building regulatory system?

Please refer to Background section on CodeMark above.

¹⁶ <https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/codemark/>

¹⁷ <https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/codemark/product-certificate-register/>

¹⁸

https://d39d3mj7qio96p.cloudfront.net/media/documents/BRANZ_CodeMark_Programme_Scheme_Rules_FINAL_V1.2.pdf

¹⁹ <https://www.branz.co.nz/codemark-info/how-to-apply/>

²⁰ <https://www.branz.co.nz/codemark-info/complaints-and-appeals/>

²¹ <https://www.branz.co.nz/appraisal-codemark-certificates/>

²² <https://www.abcb.gov.au/about-codemark>

7. When did the CodeMark certification system begin operating?

The CodeMark product certification scheme began in 2009. Please refer to the scheme owner for more information.

8. How long has BRANZ been an accredited CodeMark certifying body?

BRANZ Ltd was accredited as a CodeMark product certification body in March 2018.

9. What are the criteria for becoming a CodeMark certifying body? How costly and difficult is it to become accredited?

The criteria are set in accordance with the JAS-ANZ Management System Accreditation Manual and costs are set out in the fee schedule of this Manual. Please refer to the scheme owner or JAS-ANZ for more information.

10. Please provide a list of all CodeMark certificates issued by BRANZ in respect of New Zealand building supplies, including the following information–

- a. the type or name of the building product, building product line, building product system and/or building method concerned
- b. the name of the customer
- c. the role of the customer in the building sector (manufacturer, importer, builder etc.)
- d. the date when the CodeMark certificate was first issued
- e. if the CodeMark certificate has expired, when it expired.

For most of the information requested in this question, please refer to either MBIE's Product certificate register²³ and search by keyword "BRANZ" or BRANZ's list of evaluated building products and systems²⁴ and search by CodeMark in the certification column.

Please note there is currently one certificate recently issued by BRANZ (20 April 2022) which has not yet been posted on MBIE's Product certificate register²⁵.

In response to question 10 c. certificate holders are either manufacturers who are also suppliers, or suppliers who purchase products from manufacturers.

In response to question 10 e., the BRANZ register does not list 'expired' certificates. Certificates may be withdrawn or expire. To date, no certificate issued by BRANZ has expired, however some have been withdrawn at the request of the certificate holder.

11. How many applications for CodeMark certificates is BRANZ working on now?

BRANZ is currently working on one CodeMark certificate.

²³ https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/codemark/product-certificate-register/?keyword=BRANZ&action_doSearch=Search&sort=relevant#results

²⁴ <https://www.branz.co.nz/appraisal-codemark-certificates/>

²⁵ <https://www.branz.co.nz/appraisal-codemark-certificates/cupolex/>

12. Can BRANZ assess any types of building supplies for CodeMark certification, or are some out of scope?

BRANZ can, in theory, assess any type of building product for CodeMark certification. The only times where we would not be able to assess a building product is either when a product does not have an acceptable solution compliance pathway or when BRANZ might not have sufficient competency or available resources to evaluate the product. For more information on product compliance pathways and alternative solution pathways please refer to MBIE's website²⁶.

13. Are there any types of building supplies that are more or less likely to be assessed for purposes of CodeMark certification? If so, what is the reason for this?

The market makes decisions about which products would benefit from being CodeMark certified. In general, however, any product that does not follow an acceptable solution pathway is likely to benefit from certification and could provide a level of assurance to BCAs when they are making decisions to consent building projects.

14. How long does the certification process typically take? What is the shortest time, the longest time and the average time?

The time to complete the certification process is dependent on the amount of work needed and availability of BRANZ staff to validate the information provided by the applicant to demonstrate compliance. However, typically a CodeMark process carried out by BRANZ will take [REDACTED]

15. What are the typical costs of obtaining a CodeMark certificate? What is the lowest cost, the highest cost and the average cost? What are the main reasons / drivers for the costs?

Costs of obtaining a CodeMark certificate vary according to the product or system to which it applies, and the quality of supporting evidence provided for compliance. In general, a CodeMark certification by BRANZ is likely to be between [REDACTED] plus auditing costs.

16. What are the typical annual (or other relevant time period) costs of maintaining a CodeMark certificate and the main reasons for the costs?

The annual costs incurred are for the annual surveillance process where BRANZ confirms that the product continues to meet the building code, the evaluation criteria and conditions of certification. The annual cost for a CodeMark certification by BRANZ is in general between [REDACTED]

17. What are the main hurdles to suppliers of building products applying for a CodeMark certificate?

BRANZ does not have a comprehensive overview of the hurdles suppliers across the system face in applying for CodeMark certificates, so we are not in a position to answer this question accurately and with confidence. This question is best directed at suppliers who have, or are considering getting, CodeMark certificates.

²⁶ <https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/pathways-to-compliance/>

However, in our experience with working with those who are seeking CodeMark certificates, the main challenge is obtaining the necessary information/evidence of conformity to demonstrate Building Code compliance.

18. Do local manufacturers of building supplies and importers of building supplies face the same hurdles in applying for and obtaining a CodeMark certificate?

BRANZ does not have a comprehensive overview of the differences in hurdles local suppliers versus importers face in applying for CodeMark certificates. This question is best directed at local and importers of supplies who have, or are considering, getting CodeMark certificates.

19. What is the role of the Building Code and in the CodeMark certification process?

The Building Code and standards (both New Zealand and where relevant international) are the basis for the CodeMark certification process. Please refer to MBIE or their website for a more detailed response.

20. What characteristics of the building supplies does BRANZ typically assess as part of the CodeMark certification process?

BRANZ can undertake a CodeMark certification process for any building product. Assessment criteria is dependent on the relevant part of the Building Code for which the manufacturer or distributor wishes to demonstrate compliance.

21. What are the main obstacles and difficulties faced by BRANZ in the assessment process?

The main challenges we face is when a supplier is not able to provide sufficient evidence of conformity to the Building Code of their product. In some instances, compliance with overseas or international standards may not have a clear pathway to compliance in New Zealand and this can add complexity to the process.

22. What are BRANZ's key concerns or drivers when deciding whether to grant a CodeMark certificate?

We do not have any concerns associated with granting CodeMark certificates. Our single and only driver is to assess compliance with the building code doing this in a way that complies with the JAS-ANZ Manual, and the CodeMark scheme rules.

23. Who is typically involved in the CodeMark certification process? Does BRANZ also use external experts? Are other third parties ever involved and if so, what is their role?

For each certification process, a project team is appointed. This team includes technical experts to cover the full scope of the evaluation. BRANZ uses experts deemed "suitably skilled, technically qualified, competent and impartial individuals" for all roles associated with certification process and the annual reviews. From time to time, external technical experts are engaged as part of the project team where BRANZ does not have the required expertise in house.

For Australian CodeMark, BRANZ engages an Australian-based Unrestricted Building Certifier as is required under the Australian CodeMark scheme rules.

BRANZ's administration as a product certification body is externally audited by JAS-ANZ biannually in accordance with the CodeMark accreditation manual. In addition, many of our

laboratories and test procedures are independently audited and accredited by IANZ. This ensures that our laboratories and test procedures meet international standards and best practice.

24. What is the process for making a final decision on CodeMark certification and who is involved in the decision?

The process BRANZ uses for making decisions on issuing a CodeMark certificate is set out in our rules document on our website²⁷.

25. How often does BRANZ decline to grant a CodeMark certificate / are applications for a CodeMark certificate withdrawn? What is the proportion of unsuccessful and withdrawn applications compared to successful applications?

In BRANZ's experience, companies are well aware of the requirements to obtain certification. Those who do come to BRANZ are committed to the process and are able to undertake all necessary work needed to show how the product conforms with the Building Code.

26. Please provide some examples where an application for a CodeMark certificate was unsuccessful with an explanation for the failure?

As per our response to question 25, we do not have examples where an application for a CodeMark was unsuccessful.

27. What are the main reasons for applications for CodeMark certificates being unsuccessful?

The only reason when a CodeMark would not be granted is when there is inadequate provision of satisfactory evidence of conformity with the Building Code.

28. Does BRANZ ever receive objections from a third party during or after the CodeMark certification process?

We have not received any complaint relating to the CodeMark process we run to date. The CodeMark Scheme rules requires complaints or appeals relating to actions or decisions of BRANZ to be submitted in the first instance to BRANZ. Complaints are managed in accordance with the BRANZ CodeMark Procedures Manual.

29. If so, how often does this occur and what was the nature of the objections?

N/A see response to question 28.

30. How does BRANZ respond to objections/challenges by third parties?

Please refer to our response to Question 28.

31. Does BRANZ also issue CodeMark certificates in Australia?

Yes.

²⁷

https://d39d3mj7qio96p.cloudfront.net/media/documents/BRANZ_CodeMark_Programme_Scheme_Rules_FINAL_V1.2.pdf

32. If so, is the certification process similar to that in New Zealand?

The process is similar, though distinct. Initially they were a joint scheme. They became separated in 2016.

33. What is the proportion of BRANZ CodeMark certificates for New Zealand only compared to those BRANZ has issued for Australia only?

There are 15 BRANZ issued New Zealand CodeMark certificates, 14 for New Zealand only and one for both countries.

BRANZ has issued two CodeMark certificates for Australia. One CodeMark Australia Certificate is also issued for New Zealand.

34. What is the proportion of BRANZ CodeMark certificates for New Zealand only compared to those BRANZ has issued for both Australia and New Zealand together?

BRANZ has issued a total of 17 CodeMark Certificates in both New Zealand and Australia. Fourteen of these are for New Zealand only, one for Australia only and two for both countries.

35. How many CodeMark certificates have been issued in Australia compared to New Zealand (all certificates by any accredited body)?

At the time of writing (28 April 2022):

- as per the Australian CodeMark register on the JAS-ANZ website²⁸, there are 199 current Australian CodeMark certificates.
- as per the New Zealand Register on MBIE's website²⁹, there are 50 New Zealand CodeMark certificates.

36. What is the typical cost of obtaining a BRANZ CodeMark certificate for New Zealand only compared to the cost for Australia only?

BRANZ charges an additional [REDACTED] to cover the fee for using an Australian Unrestricted Building Certifier (UBC) to undertake the evaluation and sign the certificate.

There will likely be additional costs incurred for BRANZ to cover manufacturing site inspections manufacturing, construction site installation, supply chain and post manufacture, given the travel costs required for BRANZ to undertake this work.

²⁸ <https://register.jas-anz.org/codemark-register>

²⁹ <https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/codemark/product-certificate-register/>

37. What is the relevance / value (if any) of CodeMark certification in Australia to CodeMark certification in New Zealand?

A product that has been CodeMark Certified in Australia is assessed under the CodeMark Australia Scheme Rules and to the National Construction Code (NCC) of Australia.

There are some areas of overlap in the two CodeMark Schemes as prior to 2009 they were combined with an NZ Appendix, so there is some efficiency in undertaking both.

There are some areas of overlap of the NCC and the New Zealand Building Code, but there are also many areas that do not have the same cited standards or compliance pathways.

For example, building underlays have different New Zealand and Australian Standards and terminology. Another example is New Zealand and Australian windows have different profiles and weathertightness detailing which makes cladding systems unsuitable for certification in both countries.

In broad terms the NCC has more focus on termite management, cyclones, bush fires and the NZBC has more focus on weathertightness, earthquake resistance and durability. This is because the regulatory process of each country reflects the unique environmental conditions that may impact the built environment.

38. How important to building consent authorities is CodeMark certification when considering applications for building consents?

BRANZ does not have a comprehensive understanding of the importance of CodeMark certification to BCAs. For a more detailed response, please refer this question to Building Consenting Authorities (BCAs) directly.

CodeMark is an unchallengeable form of product assurance. This means that BCAs must accept a product certificate as evidence of compliance with the Building Code, provided that the product is used in accordance with the use and limitations defined on the certificate. Our understanding is that CodeMark certification may be deemed important for products that BCAs perceive to expose them to higher levels of risk.

39. Please provide examples where building consent authorities have been hesitant or unwilling to accept CodeMark certificates as demonstrating compliance with the Building Code?

BCAs must accept a CodeMark certificate as evidence of compliance with the Building Code, provided that the product is used in accordance with the use and limitations defined on the certificate. Given this, we can't comment on whether or when a BCA may be hesitant or unwilling to accept a CodeMark certificates.

40. What are the main reason(s) that building consent authorities are hesitant or unwilling to accept CodeMark certificates as demonstrating compliance with the Building Code?

Please refer to our response to question 39.

41. Can you provide some examples where a new building supply product was CodeMark certified and successfully introduced into the market for residential building supplies in New Zealand?

All of the CodeMark certificates issued by BRANZ have been for products that were already in the market. We can not comment on CodeMark's issued by other certifying bodies.

42. Can you provide some examples where a new building supply product was CodeMark certified, but was not successfully introduced into the market for residential building supplies in New Zealand? Please explain why this was unsuccessful.

Please refer to our response to question 41.

BRANZ appraisals

Background

A BRANZ Appraisal is a robust, in-depth and independent evaluation of a building product or system to assess whether it meets all relevant Building Code performance requirements. It is a technical opinion of a building product or system's fitness for purpose.

A BRANZ Appraisal facilitates market acceptance of a building product or system. It aims to give confidence to building specifiers and BCAs during the building and consenting process.

A holder of a BRANZ Appraisal can use it as a marketing tool which can facilitate faster acceptance in the marketplace by users, specifiers and approving authorities, who can be confident that the product has been subjected to in-depth and rigorous examinations. BRANZ Appraisals are commonly accepted by approving authorities in New Zealand, Australia and some other countries as the basis for acceptance of products for use in building and construction.

For more detail on the approach we take, and how a BRANZ Appraisal can be applied for and the process we use, please refer to more detail on our website³⁰.

43. What is a BRANZ appraisal?

Please refer to the Background on BRANZ Appraisals above.

44. What is the main difference between CodeMark certification and a BRANZ appraisal?

CodeMark is a technical opinion of a building product or system's fitness for purpose that is deemed to comply with the requirements of the Building Code. BCAs must accept a CodeMark certificate.

A BRANZ Appraisal is a technical opinion of a building product or system's fitness for purpose that, in BRANZ's view, complies with the requirements of the Building Code. BCAs typically accept BRANZ Appraisals based on our reputational competence and expertise.

³⁰ <https://www.branz.co.nz/appraisals/>

45. How do BRANZ appraisals fit into the building regulatory system?

MBIE sets out on its website³¹ five product assurance options for demonstrating how a product complies with the Building Code. Appraisals are one of the five options mentioned. A BRANZ appraisal is consistent with this information.

46. Please provide a list of all BRANZ appraisals issued in respect of New Zealand building supplies, including the following information–

- a. the type or name of the building product, building product line, building product system, and/or building method**
- b. the name of the customer**
- c. the role of the customer in the building sector (manufacturer, importer, builder etc.)**
- d. the date when the appraisal was issued**
- e. if the appraisal has expired, when it expired.**

BRANZ has been issuing BRANZ Appraisals, since 1974. In this time, we have issued over 1,000 BRANZ Appraisals. Given that many of these BRANZ Appraisals are historic and were done prior to electronic records being kept, it is practically difficult to provide this information and would take a significant amount of time to compile a response for all BRANZ Appraisals.

For information on our current BRANZ Appraisals please refer to our website³² (and select certification type, Appraisal and Country).

In response to question 46 c. BRANZ Appraisal holders are either manufacturers and suppliers or suppliers who purchase from manufacturers. Suppliers must have effective control over the manufactured product. They may use manufacturers from New Zealand or import from overseas manufacturers.

In response to question 46 d, the register does not list 'expired' BRANZ Appraisals. Appraisals may be withdrawn or expire. To date, no certificate issued by BRANZ has expired, however some have been withdrawn at the request of the holder of the BRANZ Appraisal.

47. How do the assessment processes for a BRANZ appraisal compare to CodeMark certification?

The processes BRANZ uses for a BRANZ appraisal is very similar to the process we use for a CodeMark certification. We have aligned the processes as much as possible and where practical, recognising the differences regarding the owners of the two schemes. This is to ensure internal efficiencies and ease for those who are applying for both.

48. What is the difference (if any) between the building supplies or lines of building supplies that can be assessed under a BRANZ appraisal compared to CodeMark certification?

There is no difference between the type of product that can be CodeMark certified and receive a BRANZ Appraisal.

³¹ <https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/product-assurance/products-and-building-code-compliance/>

³² <https://www.branz.co.nz/appraisal-codemark-certificates/>

49. How long does a BRANZ appraisal typically take? What is the shortest time, the longest time and the average time?

Both the time to complete the evaluation and related costs are dependent on the amount of work that is needed to validate the information provided by the applicant to demonstrate compliance. Typically, it takes [REDACTED] to complete a BRANZ Appraisal.

50. What are the typical costs of a BRANZ appraisal? What is the lowest cost, the highest cost and the average cost? What are the main reasons / drivers for the costs?

The related costs for each appraisal are dependent on the amount of work that is needed to validate the information provided by the applicant to demonstrate compliance. However, the typical costs range from [REDACTED].

51. What are the typical annual (or other relevant time period) costs of maintaining a BRANZ appraisal and the main reasons for the costs?

The annual costs incurred are for the annual surveillance for BRANZ to confirm that the product continues to meet the building code, the evaluation criteria and conditions of certification. These typically range from [REDACTED] per annum.

52. Please provide some examples where an application for a BRANZ appraisal was unsuccessful with an explanation for the failure?

BRANZ works with customers to do a gap analysis which assesses the information they already have against the information they will need to have, to gain a BRANZ Appraisal. This gives clients clear advice as to what work they will need to do, if they haven't already done it. As such the word *failure* does not really apply, as our approach is much more iterative than a 'pass' or 'fail'. We see it more as 'ready to gain a BRANZ Appraisal' or 'not ready to gain a BRANZ Appraisal'. If they are not ready, they are required to do more work.

In some quite rare instances, if the product or system is so new and innovative, and does not have a compliance pathway, the amount of further work required could be so long and costly, the product development process is stopped.

53. What are the main reasons for a BRANZ appraisal being unsuccessful?

Building on our response to question 53, the main reason for not being able to gain a BRANZ Appraisal is when there is not satisfactory evidence of conformity.

54. What is the role of the Building Code and NZ Standards in a BRANZ appraisal?

A BRANZ Appraisal demonstrates how a product or system complies with the Building Code and which New Zealand or international standards are met.

55. How important are BRANZ appraisals to building consent authorities when considering applications for building consents?

BRANZ does not have a comprehensive understanding of the importance of BRANZ appraisals to BCAs. However, feedback we receive from the market is that BRANZ appraisals are valued. We understand this is because building officials can be confident that the product has been subjected to in-depth and rigorous examination by an independent, trusted organisation.

56. How willing are building consent authorities to accept BRANZ appraisals as demonstrating compliance with the Building Code?

BRANZ Appraisals are **commonly accepted by building consent authorities** in building consent applications.

57. Can you provide examples where building consent authorities have been willing to accept BRANZ appraisals as demonstrating compliance with the Building Code?

We are not in the position to provide examples of where building consent authorities have been willing or unwilling to accept BRANZ Appraisals. We recommend the Commerce Commission seeks this information from BCAs directly.

58. Can you provide examples where building consent authorities have been unwilling to accept BRANZ appraisals as demonstrating compliance with the Building Code?

Please refer to our response to question 57.

59. What is the main reason that building consent authorities would be willing / unwilling to accept BRANZ appraisals as demonstrating compliance with the Building Code?

Please refer to our response to question 57.

60. Can you provide some examples where a new building supply product was appraised by BRANZ and was successfully introduced into the market for residential building supplies in New Zealand?

We recommend the Commerce Commission seeks this information from those who have used a BRANZ Appraisal to support the introduction of a product into the New Zealand market.

61. Can you provide some examples where a new building supply product was appraised by BRANZ, but was not successfully introduced into the market for residential building supplies in New Zealand? Please explain why this was unsuccessful.

We recommend the Commerce Commission seeks this information from those who introduce products into the New Zealand market.

Interaction with other industry bodies

62. Is BRANZ involved in the Building Code update processes? If so, how?

MBIE as the building regulator, runs the process to update the Building Code. They request for submissions to their proposed changes. BRANZ where we can, provides our perspective based on our knowledge and expertise to support the process and make submissions.

BRANZ has, on occasion, been contracted by MBIE to do more in-depth work to investigate particular areas or issues of relevance to the regulatory system generally.

63. Does BRANZ interact with NZ standards? If so, how?

BRANZ staff have been involved as members of Standards New Zealand processes as well as Australian Standards committees. BRANZ staff are used to provide expert knowledge.

64. Does BRANZ interact with Registered Master Builders or other peak bodies? If so, how?

BRANZ, through a range of means interacts and works with a very large range of stakeholders across the building and construction system, including the Registered Master Builders Association and New Zealand Certified Builders. We are members or associate members of a range of industry bodies including. We also work closely with the Construction Sector Accord.

These interactions are at different points across the organisations, from our Board, Executive and direct interactions at the staff level.

Registered Master Builders Association sits on BRANZ's Building Research Advisory Council alongside a number of other building and construction organisations³³.

65. Does BRANZ interact with building consent authorities? If so, how?

BCAs are one of a number of stakeholders for BRANZ and we have interactions with them across the range of work we do and through all levels of our organisation. BCAs can be involved in research advisory groups, will attend industry seminars and other knowledge dissemination events. BRANZ will often provide research information to BCAs via forums such as the Building Officials Institute of New Zealand conferences. BRANZ staff also meet with individuals within BCAs from time to time to seek feedback on the relevance of our research and other services and to learn about current or emerging industry issues.

Competition in the market for residential building supplies in New Zealand

66. Does BRANZ have a role in promoting competition in the market for residential building supplies in New Zealand? Please explain.

No. Please refer to the Background section on the General functions of BRANZ for an overview of our role.

67. In your view how important to builders / larger home builders / group home builders is CodeMark certification when choosing building supplies for residential building plans/designs? Please explain.

Given our role as a product certifying body for the CodeMark scheme, we think this question is best answered by MBIE as the owner of the scheme and/or builders / larger home builders / group home builders.

68. In your view how important to builders / larger home builders / group home builders is BRANZ appraisal when choosing building supplies for residential building plans/designs? Please explain.

³³ <https://www.branz.co.nz/about/building-research-advisory-council/>

As stated on the MBIE website³⁴ appraisals have no legal standing and BCAs do not have to accept them as complying with the Building Code (unlike CodeMarks). Despite this and given the continued interest by the industry to gain and continue holding a BRANZ Appraisal for their products or building systems, we believe they are valued.

69. Do you see competition between different manufacturers or suppliers of residential building supplies in BRANZ's processes? If so, how?

No, we do not see competition between different manufacturers or suppliers of residential building in BRANZ testing and certification processes.

70. For each of the following groups of building supplies, in the context of New Zealand residential building, please explain: (i) the extent to which substitution can occur between the products within the group; and (ii) the extent to which products outside the group can be used in place of those within the group.

We are interested to understand BRANZ's views on how the products in these groups of building supplies relate to each other, the contexts in which they can be used interchangeably, and what alternative options exist. Please include any relevant rationale, limitations, or conditions surrounding this (eg, Product X can only be used in place of Product Y if the building in question is Type Z).

Building supply groups

- a. Engineered wood board products (eg, plywood, medium-density fibreboard, particleboard, strand board)
- b. Laminated timber products (eg, laminated veneer lumber, cross-laminated timber, glued laminated timber)
- c. Structural/framing products (eg, framing timber, engineered/laminated timber, steel framing, concrete framing)
- d. Cladding products (eg, fibre cement, timber cladding, weatherboard vs. non-weatherboard, clay bricks, concrete blocks)
- e. Insulation products (eg, glass wool / fibreglass, polyester, polystyrene)
- f. Roofing products (eg, steel roofing, other sheet metal roofing, membrane roofing).

In terms of product substitution under a building consent, we consider this question to be best answered by BCAs as it is up to them to decide where they see product substitution to be appropriate. We understand that these decisions can vary from BCA to BCA but do not have specific examples of this. BRANZ's role is to provide, at the request of building suppliers or manufacturers an assessment of the individual product or system, through a CodeMark or BRANZ Appraisal process.

If terms of product specification choices, the question is too broad to be answerable by BRANZ at this time.

71. What are the main obstacles to new building product suppliers entering and expanding in the market for residential building supplies in New Zealand? Please explain.

BRANZ does not have a comprehensive overview of the main obstacles to new building product suppliers entering and expanding in the market for residential building supplies in New Zealand.

³⁴ <https://www.building.govt.nz/building-code-compliance/product-assurance-and-multiproof/product-assurance/products-and-building-code-compliance/>

However, in general terms and anecdotally we are aware of the following issues:

- New Zealand is a small market by international standards. This means the ratio of costs associated with gaining market entry to income from the sale of products is higher than in other markets with larger populations.
- Compliance to overseas or international standards may not have a clear pathway to acceptance in New Zealand given New Zealand has many specific New Zealand Standards, Acceptable Solutions and Verification Methods for compliance.
- Suppliers can struggle to gain the expertise to produce product technical literature and demonstration of New Zealand Building Product Code compliance.
- Concerns about liability in the event of a product failure mean that some system players (including architects, specifiers, engineers, builders and building officials) may be reluctant to utilise new products.

72. What do you see as the main obstacles to the use of new building products in residential building designs in New Zealand? Please explain.

Please see response to question 71. Beyond that we are unable to comment as we do not have a comprehensive overview of the main obstacles to the use of new building products in residential designs in New Zealand. We consider that this question is best asked of those who are introducing new building products in New Zealand.

73. Could the CodeMark scheme be changed or improved to reduce obstacles to competition from new building supplies or to enhance competition from new building supplies in the market for residential building supplies in New Zealand? If so, how?

MBIE is the owner of the CodeMark scheme. Given this, we consider this question is best directed to them in consultation with those seeking CodeMark certificates. Similarly, manufacturers and distributors of building supplies may have insights into potential obstacles and how to improve CodeMark.

74. Could any other aspects of the building regulatory system be changed to remove obstacles to competition from new building supplies or to enhance competition from new building supplies in the market for residential building supplies in New Zealand? If so, how?

Given the small size and scale of the New Zealand market, there appears to be challenges for smaller players given their commensurately smaller skilled resource and access to technical expertise introduce new building products into New Zealand.

Some consideration could be given to the following areas of the building regulatory system to enhance its performance.

- Supporting organisations to prepare for the challenges of developing technical literature and quality control systems.
- Consideration of better alignment of the New Zealand and Australian Building Codes to support a larger market for product suppliers
- Consideration of better alignment of the New Zealand and Australian CodeMark schemes.

Attachment A

- A1. Please provide your responses in both a format suitable for word processing (such as a Microsoft Word document), and a 'locked' format (such as a PDF).
- A2. Please reference the section heading and question number to which each of your responses relates. Where you have combined answers to more than one question please reference all of the relevant questions in your response.
- A3. Where you consider that a question has been answered in a response to a previous question please reference the previous response.
- A4. Where possible please also explain the reasoning behind your answers.
- A5. You are welcome to include supporting materials with your responses. Where relevant information is available on public websites please also include the links in your responses.
- A6. You are also welcome to provide views beyond the questions and topics included in the list of questions.

Confidential information – disclosure of your responses

- A7. We understand that it is important that confidential, commercially sensitive or personal information (confidential information) is not disclosed. We also recognise the need to ensure that you can have confidence in our use and retention of information, and we are committed to respecting any confidentiality, commercial sensitivity, or privacy attached to your information where possible.
- A8. Where your response includes confidential information, we request that you provide us with both a full unredacted version and a redacted version with the confidential information removed. Please also clearly mark the information that is confidential as "confidential" in the unredacted version.
- A9. If your responses contain confidential information please provide a schedule identifying the information over which confidentiality is claimed and the reason why the information is confidential (preferably with reference to the Official Information Act 1982).
- A10. We will not disclose any confidential information unless there is a countervailing public interest in doing so in a particular case. Such cases are likely to be rare and will be discussed with you in advance of any publication.