



Comment by BRANZ

on the MBIE *Residential Construction Sector Market Study: Options Paper*

BRANZ welcomes the publication of the MBIE *Residential Construction Sector Market Study: Options Paper* and has been pleased to be able to provide evidence to support its development.

We believe that improving the productivity and performance of the New Zealand construction industry is critical to New Zealand's future growth and prosperity.

We are strongly supportive of the opportunity presented to work with MBIE and industry to bring forward new and innovative solutions to address what are pressing issues facing the building and construction industry in New Zealand.

We are, however, concerned that some parts of this report misrepresent BRANZ's role in ensuring that safe and effective products and systems are used in New Zealand buildings.

Investing in a shared research agenda

BRANZ's core purpose is to help deliver better buildings through research-driven leadership. As an industry-funded, organisation BRANZ works hard to focus the investment of Building Research Levy on research and information needs identified by industry. The Building Research Act is clear about what the Levy can be spent on, and BRANZ is committed to an open, transparent and accountable investment process. We have looked at best practice across other research and levy-funded organisations and believe the model used in BRANZ is very robust. We note the central roles that both industry and MBIE have within this process.

Appraisals

In addition to our core research role, BRANZ also undertakes appraisals of products seeking to enter the New Zealand market to ensure they comply with the New Zealand Building Code. Our technical expertise and independence provides confidence to manufacturers, designers, builders and building consent authorities. Our testing is very comprehensive for some products, such as those that need to demonstrate durability or that are intended for use as a structural component. New Zealand has some quite distinct environment challenges for building products, for example, around UV and seismicity. This means that some products that work in other countries may need to change to work in New Zealand, and BRANZ helps with this process.

Comprehensive testing for higher-risk products can take time. Some tests (for example, around durability) can even take many months. At present, there are currently around 300 appraisals, of which around 65% are supporting imported products to gain acceptance in the New Zealand market. To put this in perspective, there are over 100,000 building products on sale in New Zealand. The BRANZ service focuses very much on high-risk products where the price of failure (as we have seen with weathertightness) is high.

BRANZ undertakes product appraisals as a service to the New Zealand construction industry and ultimately New Zealand consumers. We are not required to do this as part of our legislation. We are a not-for-profit business, and we are proud of our role in getting better buildings through research-driven leadership.

We do, however, recognise that the product assurance framework could work more effectively and welcome the opportunity to help to get this system working as well as was intended when it was first developed by government.

Industry capture

The report also discusses a perception of “industry capture”. We are clearly concerned with this statement, given that, in MBIE’s own words, “the Ministry is not aware of any specific instances of capture”. The BRANZ Board takes any such claims very seriously. We are mindful of the impact that this could have on our commercial customers (many of which are offshore businesses) and our industry stakeholders. We wish to reassure them of our absolute commitment to upholding our independence and integrity.

In this, we also wish to be clear about the independence of our Board. Our Board is elected by a 19- person advisory council that includes MBIE, Business New Zealand, consumer representation as well as representatives of key industry bodies. The 6-person Board is appointed through a contestable process.

Innovation

BRANZ has a strong track record of supporting industry innovation as well as working alongside manufacturers to bring new products to market, for example, our involvement in the Productivity Partnership, investment in ventures such as STIC and CIL as well as our support for Prefab NZ and further standardisation. We also work closely with manufacturers on a commercial (and confidential) basis to support product development.

We do, however, recognise that a strong focus of BRANZ research has been on addressing more immediate industry needs, for example, around fire testing, structural performance of buildings and the performance of materials.

The Building Research Levy can only fund a proportion of the potential research identified in the shared government-industry research strategy Building a Better New Zealand. In recent times (and not surprisingly given the events in Canterbury, changes to the Building Code and ongoing concerns around weathertightness), the direction and emphasis from industry has been on delivering applied research that supports the day-to-day delivery of the Building Code.

BRANZ and the building industry also receive very little government funding for either this applied research or indeed for research to unlock innovation.

BRANZ welcomes this report’s support for further innovation in the building and construction industry. This is very much the driving force behind the Board’s commitment to working with partners to support the development of a National Science Challenge around better buildings.

Summary of key information about BRANZ

This document provides a summary of key information about BRANZ’s structure, governance, activities and investment.

Responding to the consultation paper in full

We will be responding in full to the options paper and look forward to working with MBIE to address the concerns we have outlined here.

Contact

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