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23 September 2025

Hon Chris Penk  
Minister for Building and Construction

Via email: [redacted]  
cc: [redacted]

### **Preamble**

1. Following our meeting with you on 21 August 2025, management of the Building Research Association of New Zealand (BRANZ) have been closely working with MBIE to provide information to inform their work on the review of the Building Research Levy Act (BRLA).
2. We understand you will be receiving a briefing this week on high-level options for the BRLA, and we have provided responses to some priority questions MBIE has asked, which we copied to you on Wednesday 17 September 2025.
3. To help inform these options, we provide this briefing to be considered alongside the MBIE briefing. This briefing has the perspective of the BRANZ Board, the Building Research Advisory Council (BRAC) membership and the CEs of nominating organisations, from whom we sought feedback through a survey.
4. This work concludes that the option to fold the BRLA into the Building Act 2024 will not serve the best interests of the industry.
5. We welcome a further discussion with you as you consider the options and review our proposed approach and consider the recommendations in this briefing and next steps.

### **BRANZ initial views on the Building Research Levy Act review**

6. BRANZ supports your review of the Building Research Levy Act 1969 (the BRLA) and recognises the opportunity to modernise the legislation.
7. This briefing advises you on the changes we consider necessary to the BRLA to inform your consideration of reform options. The outcome of this review will shape how the Building Research Levy operates for decades to come, and it is vital that the sector's voice is heard. This month, we surveyed all participants of the Building Research Advisory Council (BRAC), which provides comprehensive representation from the building and construction industry, to ensure their views are heard in this review. The responses strongly reinforce that industry values sector ownership and governance of building research and does not wish to see this lost.
  - 100% of respondents expressed a desire for industry research funded by the Building Research Levy to remain independent of government ownership and direction.
  - 93% of respondents indicated that if the Building Research Levy were reduced or removed, they do not believe the sector has the capacity to fund and deliver this research itself.
  - 93% think the current levy rate of 0.1% for consents above \$20,000 is either at the correct level or too low.

8. We have a strong preference to modernise the BRLA in line with best practice while maintaining the sector ownership of building and construction research. Our proposed changes would strengthen sector governance and accountability and enhance transparency and assurance. This would retain and enhance sector ownership of Building Research Levy investment and achieve the best value for the sector and New Zealand.

*“Our industry must retain a strong and independent (from government) research capability, and any further erosion of New Zealand’s R&D capability for building & construction would be an alarming prospect that industry will push back on strongly.”*

*BRAC member*

9. BRANZ and the feedback we have received from the sector does not support options to repeal the BRLA and to incorporate provision for building research under the Building Act 2004 and the building regulatory system. We are strongly opposed to reducing the influence and role of industry in the setting and governance of industry funded research. This approach is likely to constrain the focus of research to matters just related to building regulation (the purpose of the Building Act 2004) which would severely limit its potential value to the sector.

#### **BRANZ delivers levy funded research for the building and construction sector**

10. BRANZ is an industry owned and funded research organisation that has existed since 1970.
11. The BRLA was established to address market failures, with the sector recognising the need for public-good research that improves techniques and materials. At 0.1% for every \$20,000 consented, this is a cost-effective way to ensure the sector benefits from critical innovation.
12. BRANZ’s value to the building sector is anchored in the sector’s ownership and governance of the organisation, its independence from Government and the certainty of funding from the sector. This enables BRANZ to deliver research that serves the sector’s needs and interests, and ultimately New Zealand having safer, warmer, and affordable homes and buildings.
13. BRANZ is uniquely positioned to deliver independent, sector-led research that lifts productivity and supports New Zealand’s long-term growth:
  - **Research is driven by industry needs.** BRANZ is highly accountable to the industry through its constitution and engagement practices, with industry appointing BRANZ’s governance and driving its research programme, with the recently released research strategy highlighting four priority areas for the sector: affordability, quality, resilience and sustainability.
  - **Specialist capability and expertise needed to deliver building and construction innovation.** BRANZ scientists and advanced laboratories are the product of long-term investment that could only be funded by levy certainty.
  - **Supporting the wider research system through collaboration with researchers, scientists, universities, the government and the commercial sector.** BRANZ is often the

key link that enables this. This includes funding of other researchers (around a third of investment), funding new bodies to lift productivity (Building Information Modelling, Offsite Manufacturing, and Mates in Construction), and supporting skills and talent pipelines (ConCove, UNESCO and scholarships).

- **Practical application and commercialisation of research** by both BRANZ Ltd and the commercial sector. See next section for examples.

14. **BRANZ is aligned with Government priorities**, bringing to life three of its five economic growth pillars. This ensures the sector continues increasing productivity and efficiency in delivering affordable, quality infrastructure and developing talent.

#### **BRANZ's research delivers impact**

15. The BRANZ approach to research fits well with what your government is seeking to achieve through the reform of the science and innovation sector. This includes using industry and government participation, industry funding, long term investment and collaboration.

16. BRANZ's research has delivered real impact for the sector and New Zealand more generally. Some recent examples include:

- BRANZ research contributed to the development of 23 building standards in 2024. For example, **research on the costs and benefits of H1 supported the government by accelerating industry implementation**, with seminars, webinars and e-learning reaching over 10,000 participants.
- BRANZ guidance to reduce timber framing ratios contributed directly to **reducing timber costs by 5–10% and improve insulation performance by 10–15%**. This impacts most homes built in New Zealand each year.
- BRANZ testing showing that a significant number of timber-framed classroom blocks in New Zealand did not need retrofit strengthening, **saving the Ministry of Education \$800 million in expected costs**.
- BRANZ developed Artisan, a platform that enables faster and more efficient building inspections, cost savings and improved productivity, now **used for 45% of all new residential building consents** (Jennian Homes saw **6 weeks of time saved on an average site**). This was developed following sector feedback that consenting was a barrier to productivity.
- BRANZ-backed research about the seismic performance of precast concrete floors following the 2016 Kaikoura earthquake led to **Building Code changes and practical solutions** to keep people safe.
- B-RISK is a fire modelling tool that reduces fire risks in building design and material. It is **used by 95% of New Zealand's fire engineering consultancies** and is the **third-most used fire modelling tool globally**.
- BRANZ developed the Loss Factor tool which enables **design of the most energy efficient homes** possible

- The REBRI toolbox helps **divert up to 70% of waste from landfill** used by major firms like Naylor Love and Mitre 10.

*“BRANZ has a key enabling role in helping the deliver the Government’s **Promote innovation, science and technology pillar.**”*  
BRAC member

**BRANZ has robust governance and accountability arrangements for administering levy funding**

17. We have established robust governance and accountability arrangements for administering building research for the sector. These arrangements are provided as part of our constitution (as an incorporated society accountable to its members) and through current practices.

18. Key features of our current arrangements include:

Board oversight	The Board has robust oversight of levy investment and BRANZ activities.
Sector accountability	Sector representative governance and accountability council (the Building Research Advisory Council or BRAC). BRAC is comprised of members from across a broad coverage of the building and construction industry, adjacent sectors (e.g. architects, engineers, property council) and government (local government, Kāinga Ora and MBIE). Under the new constitution, BRAC is also able to coopt other members – an action they are currently looking into. Full list of members is contained in Appendix. BRAC appoints 5 of 8 board members to BRANZ with the remaining 3 appointed by Board members to bring in specific skillsets and experiences as they deem necessary.
Independent research investment panel	An independent panel of experts (comprising sector representatives, BRAC members, researchers and subject matter experts) reviews research proposals every year and recommends a research programme to the Board.
Research investment strategy	A research investment strategy (developed with sector consultation). This ensures our approach is focused on the areas that matter most to the sector and New Zealanders – affordable, quality buildings that are resilient and sustainable. BRANZ releases an annual statement of research investment priorities that provides guidance to the sector and researchers on the types of research that Building Research Levy funding will be invested in.
Reporting	BRANZ publishes an annual review to inform stakeholders on levy spending.
Commercial and levy funding separation	BRANZ keeps levy-funded and commercial work strictly separate, with transparent governance and accountability. Separate legal entities (BRANZ Limited and BRANZ Inc.) report financial statements separately and overheads are apportioned on the basis of market rates. Board meetings are convened for BRANZ Limited and BRANZ Inc. separately.
Sector engagement	BRANZ shares research insights through social media, events, conferences, webinars, publications and partnerships. Our new strategy focuses on delivering independent research and practical solutions for better buildings in New Zealand. Key engagement hubs include our free sector helpline (~20 enquiries per day), website (302,000 active users in 2024), and Build magazine, read by over 60,000 people.

19. BRANZ recognises there are opportunities to further improve performance, and has identified the following areas for further work:
- Improved evaluation of the impact of levy funded research
  - Improved mechanisms for reporting back to the sector on the outcomes of research
  - Increased dissemination of research findings through a variety of channels to ensure these are widely accessible.
20. BRANZ is conscious of concerns that Building Research Levy funds could be used to subsidise commercial services offered by BRANZ Ltd. BRANZ has maintained several controls to separate the activities of BRANZ Inc. and BRANZ Ltd, including separate administration and financial reporting. We agree that BRANZ Ltd competes on some of the products and services that it provides, and have recommended legislative changes to assure the sector that levy funding is not being used to cross subsidise BRANZ Inc.
21. We also note that some provisions of the BRLA, such as those that refer to the New Zealand Master Builders' Federation Incorporated are out of date, and need to be modified to reflect current breadth of organisations representing the sector (with BRAC as the most appropriate representative body).

#### **BRANZ supports modernising the Building Research Levy Act 1969**

22. BRANZ and BRAC members support modernisation of the BRLA, to enhance transparency and accountability while maintaining sector ownership and direction.
23. Maintaining the BRLA's funding for building research is crucial for New Zealand's prosperity. This research helps the industry adapt, innovate, and enhance productivity, fostering long-term growth for New Zealand.
24. To modernise the BRLA (to generally reflect current practice), we recommend:
- Providing more direction and clarification on the activities that the Building Research Levy is to be used to fund.
  - Explicitly prohibiting use of Building Research Levy monies to subsidise commercial activities.
  - Requiring BRANZ to identify and report on research priorities.
  - Providing more direction on requirements for the involvement of industry and sector stakeholders in:
    - i. the setting of research priorities and research programme
    - ii. monitoring and reporting on the performance of the levy funded research programme.
  - To this end we propose that the BRLA should provide for the role and functions of BRAC in:
    - i. providing oversight of the levy rate and allocation
    - ii. in setting research priorities to be funded by the levy

- iii. in monitoring and reporting on the levy funded research programme
  - iv. in providing assurance that levy monies are not being used to unfairly subsidise commercial activities.
- Provide for the government to be represented on BRAC.
  - Provide for regular three yearly reviews of the levy by BRAC in consultation with MBIE as basis for your regular consideration of the levy rate.
25. Most of our proposed amendments to the Act, suggested above, are consistent with how BRANZ currently administers the levy. Formalising these practices in statute will provide a step change in how the legislation ensures the efficiency, efficacy, accountability and transparency of Building Research Levy investment.
26. The above proposals align closely with your review objectives and principles, noting we have provided suggestions to your officials on how the principles could be strengthened. The summary table below outlines the benefits of our proposals and their alignment with the current review principles.

Proposal	Benefits	Efficiency & Efficacy	Accountability	Transparency	Flexibility	Competition
<b>Proposals consistent with BRANZ current practice</b>						
Prohibit use of levy monies to subsidise commercial activities	<ul style="list-style-type: none"> <li>• Provides assurance that levy revenue is not used to create an unfair competitive advantage</li> <li>• Greater transparency in legislation</li> </ul>			✓		✓
Require BRANZ to identify and report on research priorities	<ul style="list-style-type: none"> <li>• Provides assurance to Minister and the sector that research will continue to be informed by sector needs</li> <li>• Publication of research priorities ensures other research organisations can apply for levy funding from BRANZ</li> <li>• Reporting of research outcomes will provide greater transparency for the sector</li> </ul>		✓	✓		✓
Provide more direction on requirements for the involvement of industry and sector stakeholders	<ul style="list-style-type: none"> <li>• Provides sector with a direct opportunity to influence research priorities</li> <li>• Ensures research is responsive to sector needs</li> <li>• More transparency in how research priorities are set</li> </ul>	✓	✓	✓	✓	
Formalise the role of BRAC in legislation	<ul style="list-style-type: none"> <li>• Formalises sector governance role</li> <li>• Strong accountability to the sector</li> <li>• Transparency in legislation over how BRAC is appointed and what its functions are</li> <li>• Direct channel for sector to inform short, medium and long-term research priorities</li> </ul>	✓	✓	✓	✓	

Proposal	Benefits	Efficiency & Efficacy	Accountability	Transparency	Flexibility	Competition
Provide for the Government to be represented on BRAC	<ul style="list-style-type: none"> <li>• More transparency for the Minister and MBIE</li> <li>• Opportunity to respond to Government priorities</li> </ul>			✓	✓	
<b>Proposals that would be in addition to current practice</b>						
Provide direction on the activities that the levy is to be used to fund	<ul style="list-style-type: none"> <li>• Strengthens external confidence that levy decisions are based on good practice principles</li> <li>• Ensures consistent principles in legislation on how the levy can be used</li> <li>• Opportunity to reflect best practice funding principles in legislation</li> </ul>	✓	✓	✓		
Provide for regular three yearly reviews of the levy	<ul style="list-style-type: none"> <li>• Enables regular review to ensure levy expenditure is effective</li> <li>• Strengthens accountability and transparency over levy spend and outcomes</li> <li>• Opportunity to review levy expenditure against key sector and government priorities at that time</li> </ul>	✓	✓	✓	✓	✓

**BRANZ does not support repeal of the Building Research Levy Act**

27. We understand that an option is being developed by MBIE to repeal the BRLA and to incorporate provision for building research in the Building Act 2004.

28. We are strongly opposed to any option that would reduce the influence and role of industry in the setting and governance of industry funded research. Loss of industry levy and research governance could lead to research becoming misaligned with sector needs, fragmentation and loss of specialist capability that stifles critical innovation. This would not be in the best interests of the sector or wider economy and society.

*“The building and construction sector does not have the combined capacity/desire to fund and deliver the quality and breadth of research currently undertaken by BRANZ and its external partners. There is an element of public good in the work delivered by the levy that private sector shareholders either won't see or, if they do see, they won't be willing to fund to the extent required.”*  
BRAC member

29. We strongly believe that levy investment achieves best value for the sector and New Zealand when it is owned and governed by the sector (independent of government).

30. Incorporating building research into the Building Act, which has a regulatory purpose, would constrain the focus of research to matters just related to building regulation. This would stop research from reflecting the wider performance and interests of the building and construction sectors and severely limit its potential value for innovation.

31. BRANZ has sought feedback from BRAC members and heard that they strongly do not support repeal of the BRLA. All of the sector representatives on BRAC told us that they continue to see a need for industry research and guidance, and this should be independent from Government.

### Recommendations

32. BRANZ recommends that you:

- **Support** modernisation of the BRLA to align with best-practice levy principles while protecting independence and sector ownership of research.
- **Retain** the BRLA as stand-alone legislation, rather than subsuming it under the Building Act 2004, to ensure research focus remains wider than just building regulation.
- **Strengthen** governance and accountability by enshrining the role of the BRAC in setting research priorities, monitoring performance, and ensuring levy integrity.
- **Enhance** transparency and assurance by requiring clear reporting on research priorities, outcomes, and financial performance, and prohibiting use of levy funds to subsidise commercial activity.
- **Ensure** regular review of the levy (e.g. every three years) to maintain efficiency, responsiveness and alignment with statutory objectives.



Nigel Smith  
Chair  
**BRANZ**



Claire Falck  
Chief Executive  
**BRANZ**

## Appendix: BRAC role and membership

The Building Research Advisory Council is established by the Constitution of Building Research Association of New Zealand Incorporated, which can be found on the BRANZ website<sup>1</sup>. Following the registration of BRANZ Inc. as an incorporated society under the new Incorporated Societies Act 2022, some changes were made to the makeup of BRAC to reflect the current structure of the building and construction sector, including the ability for BRAC to be able to coopt other members, an action they are currently exploring.

### Membership

BRAC has 16 members representing 14 nominating bodies from the industry and trades, the business sector, consumers and the government. The present members represent the following BRAC nominating bodies:

- Business NZ
- Local Government New Zealand (representing large and small Building and Consenting Authorities)
- Registered Master Builders Association
- Kāinga Ora
- Civil Contractors NZ
- Engineering NZ
- Ministry of Business Innovation and Employment
- New Zealand Certified Builders
- Property Council New Zealand
- Consumer NZ
- New Zealand Institute of Architects
- Architectural Designers NZ
- Building Industry Federation
- New Zealand Specialist Trade Contractors Federation

### Role

The role of Council is to act in accordance with any Bylaws dealing with the Council as approved by the Board, and unless otherwise determined by the Board, is to:

- a) provide advice to the Board to assist the Board to be accountable for the expenditure of levies received under the Building Research Levy Act 1969;
- b) be future focussed and strategic to ensure that decisions are being made for the future, taking into account emerging trends and issues;
- c) assist with information and knowledge dissemination and communication to and from BRANZ Inc.;
- d) be a forum for communication between persons involved in the building industry and BRANZ Inc.;
- e) advocate for and advise in relation to BRANZ Inc.'s Purposes and its vision;
- f) perform the Council's function in relation to nominations, and identification and selection of Individuals to be Councillors;
- g) perform the Council's function in relation to the appointments process for Council Appointed Board members; and
- h) any other function required by the Board.

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<sup>1</sup> <https://www.branz.co.nz/about/corporate-publications/constitution-of-building-research-association-of-new-zealand-inc/>