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The Building Performance Team
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ICNZ SUBMISSION ON REMOVING BARRIERS TO USING OVERSEAS BUILDING PRODUCTS

1. Thank you for the opportunity to provide a submission to the Ministry of Business, Innovation and Employment's (**MBIE**) consultation on 'Removing barriers to using overseas building products'.
2. Te Kāhui Inihua o Aotearoa / The Insurance Council of New Zealand (**ICNZ**) is the representative organisation for general insurance companies in New Zealand. ICNZ's members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, and motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, cyber insurance, commercial property insurance, and directors and officers insurance).
3. ICNZ supports the broad aim of improving competition in the residential building supplies market and lowering the costs of building. However, we have concerns about the proposals set out in the consultation paper. From the insurance industry's perspective there are effectively two competing interests that need to be appropriately balanced. These are around reducing costs and allowing competition whilst also maintaining the integrity of building materials.
4. Changing the rules so that a greater range of products can be brought into New Zealand will have benefits but also comes with risks, which are potentially long-lived and may not crystallise for some time. Products may not perform as expected over their lifetime when used in New Zealand conditions or may not actually be what they are described as.
5. New Zealand and the rest of the world already have examples of problematic building products that have failed or are not suitable for use in local conditions. This covers a swathe of products including wall linings, glass, cement, cables, pipes etc.
6. From a liability perspective, removing barriers will potentially generate exposures for insurers. Typically, importers have fewer resources and capital as compared to local manufacturers. In the event of failure their insurance may well be the most significant asset available.
7. Where the importer is not sufficiently insured, it appears that any risks from overseas products will be disproportionately borne by property owners – as it is proposed Building Consent Authorities' liability will be reduced and importers may lack the resources and incentives to stand behind the products long-term. We accept that insurance will always have some part to play in dealing with product issues, but it will never be a substitute for strong building regulation.

8. Bearing in mind the risks identified above and that quality standards must be first priority, we recognise the potential for new and innovative products that are designed to improve the flood resilience of properties to be developed. The UK, for example, wants to bring the average cost of repairs down through new measures including building materials that are designed to better withstand flooding. As new products emerge and are tested and approved to meet this need, New Zealand should ensure our regulatory system is appropriately set out to adopt them without unreasonable delay given the heightened flood risk we face through more frequent and severe weather events.
9. Our answers to the questions set out in the consultation paper are set out below.

Question 1: What factors should be included in the decision making before recognising building product standard organisations?

10. We support the factors set out on page 4 of the consultation paper.

Question 2: What types of product standards should MBIE prioritise in its review of international standards?

11. Those products that are proven to already meet or exceed New Zealand standards.

Question 3: What types of products do you consider to be higher risk to buildings due to their failure or misuse?

12. We consider that the following products are higher risk – electrical, plumbing and external cladding (roofing/walls).

Question 4: What factors should MBIE consider when evaluating and comparing overseas product standards?

13. It is risky to assume that testing of products in other jurisdictions will render those products suitable for use in New Zealand, where the environment may be very different. We may build differently and we may not have experience using those materials. The selection of overseas standards would need to be extremely rigorous and focus on jurisdictions where we have strong similarities and connections, for example Australia and Canada.
14. MBIE should also consider how it will monitor the performance of these products. There must be a robust system in place to monitor the effectiveness of the products. If failures are detected, there should be an immediate cessation of the import and use of the product so that unsuspecting consumers and the building industry are not adversely impacted.
15. MBIE should also consider the ease with which international standards can be monitored for changes.

Question 5: What factors should MBIE consider before specifying appropriate product certification schemes?

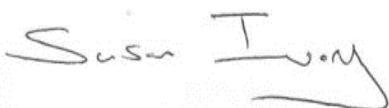
16. Overall, when considering changes to remove barriers to using overseas building products, we consider that any risks to life or risks of economic loss should be key considerations.
17. We support the factors outlined on page 6 of the consultation paper.
18. MBIE should also have regard to its ability to monitor the effectiveness of the products so there is timely warning if the product shows signs of failure.

19. MBIE should also have regard to the risk of fraud. There will be greater risks where designers are not familiar with the new overseas products that they may be substituted for non-compliant products. MBIE should consider what checks and balances should be in place to ensure that products are in fact certified.

Conclusion

20. Thank you for the opportunity to make this submission. Please contact me (susan@icnz.org.nz), if you have any questions about our submission or require further information.

Yours sincerely

A handwritten signature in black ink, appearing to read "Susan Ivory". The signature is fluid and cursive, with "Susan" on the left and "Ivory" on the right, connected by a horizontal line.

Susan Ivory
Regulatory Affairs Manager