

14 November 2024

Committee Secretariat
Transport and Infrastructure Committee
Parliament Buildings
Wellington

**ICNZ'S SUBMISSION ON
THE BUILDING (OVERSEAS BUILDING PRODUCTS, STANDARDS, AND CERTIFICATION
SCHEMES) AMENDMENT BILL**

1. Thank you for the opportunity to provide a submission on the Building (Overseas Building Products, Standards, and Certification Schemes) Amendment Bill.
2. Te Kāhui Inihua o Aotearoa / The Insurance Council of New Zealand (**ICNZ**) represents general insurers. 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).

General comments

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 some proposals set out in the Bill. From the insurance industry's perspective there are effectively two competing interests that need to be appropriately balanced – the need to reduce costs and promote competition on the one hand and the need to maintain the integrity of building materials that New Zealanders expect on the other.
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 have not been 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 (see clause 15 of the Bill) 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 the first priority, we recognise the potential for new and innovative products that are designed to improve the flood resilience of properties. 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.

Specific comments on aspects of the Bill

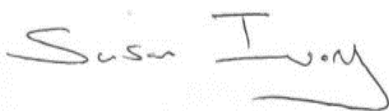
Recognition of overseas standards and standards certification schemes

9. Clause 13 of the Bill will insert new section 272HB into the Building Act 2004. New section 272HB will provide that the Minister for Building and Construction may recognise overseas standards or standard certification schemes by notice. The Minister may do so only if they are satisfied that the criteria prescribed by regulations are met.
10. We recommend that the Bill should be amended to require the Minister to either consider the advice of an advisory board of industry experts or to consult with stakeholders prior to issuing a notice.
11. The criteria prescribed by regulations will be crucial. It is risky to assume that product standards in other jurisdictions will mean that those products will be suitable for use in New Zealand, where the environment may be very different. 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. The ease with which international standards can be monitored should also be considered. We expect that officials will consult further with stakeholders as the regulations are developed.

Requiring building consent authorities to accept building products certified overseas

12. Clause 13 of the Bill will insert new section 272HA into the Building Act 2004. New section 272HA will provide that the Ministry of Business, Innovation and Employment's Chief Executive may, by notice, recognise building products or building methods certified under an overseas product certification scheme. The Chief Executive may only do so if they are satisfied that those products or methods meet criteria to be set out in regulations.
13. We recommend that the Bill should be amended to require the Chief Executive to either consider the advice of an advisory board of industry experts or to consult with stakeholders prior to issuing a notice.
14. Again, the prescribed criteria will be crucial. We look forward to engaging with officials as these are developed.
15. Thank you again for the opportunity to make this submission.

Yours sincerely



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