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Chairperson, Transport and Infrastructure Committee  
Parliament Buildings  
Wellington  
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Tēnā koe Andy Foster

### **Building (Overseas Building Products, Standards, and Certification Schemes) Amendment Bill**

1. Thank you for the opportunity to share Metals NZ's considered feedback on the *Building (Overseas Building Products, Standards, and Certification Schemes) Amendment Bill* (the bill) .
2. Metals NZ wishes to speak to its submission.

### **About Metals NZ**

3. Metals NZ was established in 2011 to advocate for the New Zealand metals-related industry. Its members are committed to working with partners to deliver sustainable and cost effective products for use in residential, commercial and infrastructure build projects and supporting the sector's transition to a low emissions and circular economy future. Metals NZ represents a diverse range of manufacturers, importers, distributors and recyclers who combined employ c. 25,000 people across New Zealand. The sector contributes c. \$3.3 billion annually to gross domestic product.

## **Broadly supportive of the bill**

4. Metals NZ is broadly supportive of the bill as an enabling tool in driving greater competition and delivering increased choice for consumers in the building and construction sector. Metals NZ's submission does not comment on all areas of the bill, but rather focuses on the following areas of insight:
  - i. Steel is needed to meet specific seismic and other requirements;
  - ii. Ensuring the bill doesn't undermine the obligation to protect domestic manufacturing businesses from dumped and/or subsidised imports;
  - iii. Ensuring MBIE has sufficient resources and expertise in giving effect to the desired benefits arising from the bill;
  - iv. Consideration regarding the possibility that greater flexibility may create risks around product quality and concerns that lower quality products may lead to building failures;
  - v. Issue regarding limitations on consultation.

## **Steel is needed to meet specific seismic and other requirements**

5. It is widely known within the steel industry that not all steel is created equal.<sup>1</sup> Steel used in New Zealand's building and construction sector must meet specific seismic and other requirements, and it can be difficult to match overseas standards to the local environment. Further complicating the situation are the varying degrees of understanding in the supply chain as to the minimum standards for steel and the specifics of New Zealand regulations.
6. *Clause 4* of the bill references the word "similar", whereby an "overseas standards organisation", as defined, means an overseas organisation with functions similar to the standards organisation<sup>2</sup>. The select committee will need consider what "similar" means, as it is open to interpretation.
7. There will be instances where our unique climate and environment -including our seismic risk- means some overseas products are not entirely suitable for use in New Zealand.
8. In earthquake-prone countries like Japan, and on the US west coast, the standards for steel are very high, which is reflected in a higher product cost. As a result, we are unlikely to see steel imported from these jurisdictions. It should be noted that these jurisdictions take a different earthquake engineering approach to that taken in New Zealand. Conversely, steel manufactured in countries with

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<sup>1</sup> <https://scnz.org/wp-content/uploads/2020/11/SESOC-Paper-Imported-Structural-Steel-Issues-and-Considerations-Cooke-D-Patel-V.pdf>

<sup>2</sup>[https://www.legislation.govt.nz/bill/government/2024/0076/latest/whole.html?search=sw\\_096be8ed81e8f0a3\\_similar\\_25\\_se&p=1#LMS986771](https://www.legislation.govt.nz/bill/government/2024/0076/latest/whole.html?search=sw_096be8ed81e8f0a3_similar_25_se&p=1#LMS986771)

lower production costs, and variable production control, can be subject to quality issues.

9. By way of example, it was revealed by MBIE in 2016 that 1600 tonnes of cheap steel imported by Steel and Tube for new bridges on the Huntly bypass came with Chinese test certificates that proved worthless.<sup>3</sup> The steel had to be replaced (at significant additional cost), which led to a delay in the project's completion date.
10. The building sector must be satisfied that overseas alternatives are suitable for the task before choosing them over existing products. A BPIS (Building Product Information System) sheet/download provides comprehensive details of a designated building product. Any hint of the quality of steel being compromised will see designers, consulting engineers, architects and builders remain with the status quo.
11. As was noted by Hon Julie-Anne Genter (Green—Rongotai) in the bill's first reading, "we need to ensure that we're doing our best to ensure that the products that we're encouraging and enabling actually deliver the outcomes we need in terms of reducing building waste and taking action on climate."<sup>4</sup> New Zealand's economy predominantly uses resources in a manner consistent with the linear 'extract-make-use-dispose' model. In contrast, a circular economy maximises the circularity of resources and energy within production systems.
12. In research done for the Heavy Engineering Research Association, approximately 85 percent of New Zealand's building and construction steel waste is recycled or repurposed<sup>5</sup>. This recycling is less carbon intensive than newly produced steel, with around 1000 kilograms of avoided emissions per tonne of steel recycled. Aluminium can be recycled indefinitely as reprocessing does not damage its structure.
13. If an imported product can't be reduced, reused, repaired, rebuilt, refurbished, recycled or composted, then consideration should be given to restricting or preventing it from entering New Zealand.

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<sup>3</sup> <https://www.rnz.co.nz/news/national/306680/real-concern-over-steel-quality-mbie>

<sup>4</sup> [https://www.parliament.nz/en/pb/hansard-debates/rhr/combined/HansDeb\\_20240926\\_20240926\\_44](https://www.parliament.nz/en/pb/hansard-debates/rhr/combined/HansDeb_20240926_20240926_44)

<sup>5</sup> <https://www.hera.org.nz/sustainability/steel-recycling/>

### Recommendation

14. That the government be required to strike the right balance between safety, impact on the environment, quality and making building in New Zealand easier and more affordable.

### **Ensuring the bill doesn't undermine the obligation to protect domestic manufacturing businesses from dumped and/or subsidised imports**

15. Metals NZ welcomes competition from imported products and believes that they form an important part of New Zealand's commercial fabric.
16. It also believes that free and fair trade is critical to New Zealand's future and that New Zealand government agencies are obligated to protect domestic manufacturing businesses from dumped and/or subsidised imports. It is important for MBIE to appreciate that its trade remedy work is studied in New Zealand and internationally; it is work that sends a strong signal regarding how attractive New Zealand is for manufacturing investment and possible manufacturing expansion. New Zealand's manufacturing footprint has reduced in recent decades and this has impacted on the sector's ability to employ people and make a greater contribution to GDP.

### Recommendation

17. There needs to be some form of assurance from the chief executive of MBIE that the important work of the Trade Remedies team, in providing remedy against unfair trade, is in no way compromised or undermined as an unintended consequence of the passing of the bill into law.

### **Ensuring MBIE has sufficient resources and expertise in giving effect to the desired benefits arising from the bill**

18. Metals NZ notes that Arena Williams' (Labour—Manurewa) speech on the bill's first reading stated that "...with local government carrying more of a burden in ensuring that the end product is suitable, we want to make sure that the resources are there to do this, that the councils are ready to go when this legislation is enacted, and that the government is working really closely to provide the kind of policy advice that will require local government to change, because it is a system-wide view that we need to take here..."<sup>6</sup>

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<sup>6</sup> [https://www.parliament.nz/en/pb/hansard-debates/rhr/combined/HansDeb\\_20240926\\_20240926\\_44](https://www.parliament.nz/en/pb/hansard-debates/rhr/combined/HansDeb_20240926_20240926_44)

19. It is public record that MBIE recently cut 341 full-time positions<sup>7</sup>. Accepting that these numbers are across the entire organisation, concern remains that the head count reduction could undermine the operational efficiency of the highly-regarded Building System Performance team.

20. It was noted in the Regulatory Impact Statement that MBIE expects to fund implementation from baseline budget and to scale to the funding available and will need to re-prioritise resources to recognise standards.<sup>8</sup>

#### Recommendation

21. Metals NZ seeks assurance from the chief executive of MBIE that will ensure MBIE has the policy advice expertise and systems resources in giving effect to the bill when passed into law.

#### **Consideration regarding the possibility that greater flexibility may create risks around product quality and concerns that lower quality products may lead to building failures**

22. The Regulatory Impact Assessment noted a possibility that greater flexibility may create risks around product quality and some submitters raised concerns that lower quality products may lead to building failures. The Regulatory Impact Assessment further noted that these risks would need to be adequately addressed, and this would be done via the consenting process and a robust legal framework. However, the panel considered there was insufficient detail in the analysis about how these risks would be mitigated.<sup>9</sup> The quality of products needs to be addressed well before the consenting process, so designers know what they are using.

#### Recommendation

23. MBIE to provide supporting analysis about how these risks would be mitigated as per the Regulatory Impact Assessment.

#### **Issue regarding limitations on consultation**

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<sup>7</sup> <https://www.rnz.co.nz/news/political/516104/voluntary-redundancies-at-ministry-of-business-innovation-and-employment-bring-its-tally-of-job-losses-to-341>

<sup>8</sup> <https://www.mbie.govt.nz/dmsdocument/28312-removing-barriers-to-overseas-building-products> page 24 Regulatory Impact Statement

<sup>9</sup> <https://www.mbie.govt.nz/dmsdocument/28312-removing-barriers-to-overseas-building-products> page 10 Regulatory Impact Statement

24. It was noted that MBIE has also not been able to consult with sector participants and key stakeholders to understand how the preferred option (Option 5 – combining options 2, 3, and 4) may impact them. This is due to the urgency with which the government’s commitment is being progressed. However, it was further noted that some of the policy proposals in this analysis were campaigned on as part of the 2023 election manifestos of the National Party and Act Party. <sup>10</sup>

#### Recommendation

25. MBIE to provide supplementary information regarding the broader impacts that the preferred option (Option 5 – combining options 2, 3, and 4) may have on the sector.

Nga mihi nui



Rick Osborne  
Chief Executive

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<sup>10</sup> <https://www.mbie.govt.nz/dmsdocument/28312-removing-barriers-to-overseas-building-products>  
Page 23 Regulatory Impact Statement

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