



CONSTRUCTION  
INDUSTRY COUNCIL



11 April 2006

Standards and Accreditation Study  
Productivity Commission  
PO Box 80  
Belconnen  
ACT 2616

Dear Sir

### **1. Introduction**

This submission is made by the New Zealand Construction Industry Council (CIC). The Council is the peak industry body representing the construction industry in New Zealand. The Council represents 28 trade associations, professional institutes and other bodies which, in turn, represent some aspect of construction.

The Council has had a close relationship with Standards Australia over many years and would like to go on record in support of the functions they undertake and the service they provide to both the Australian and New Zealand building industries. We would also like to take the opportunity to bring to your attention a review of standards and conformance issues in New Zealand that may be of relevance to the Commission.

### **2. NZ Industry Involvement with Standards Australia**

The Commission should be aware that for many years there has been a long and productive relationship in the area of international standards development between Australia and New Zealand. This relationship exists at several levels.

Firstly, both Australian and New Zealand standards setting bodies meet regularly to discuss joint standards setting arrangements. Under the aegis of a Joint Standards Development Board, staff representatives of Standards Australia and Standards NZ, as well as industry representatives meet twice a year, alternating meetings between Australia and New Zealand. The Board discusses high level joint standards setting arrangements between the two countries. There is a strong focus on building standards.

Secondly, the management (staff) of both Standards bodies also meet regularly to oversee the detail of individual projects.

Industry on both sides of the Tasman accords each other observer status at their respective Building Standards Board meetings, and many NZ representatives travel regularly to Australia to work on the development of specific joint standards.

The New Zealand Construction Industry Council, and our predecessor the Construction Liaison Group, has had observer status representation on the Australian Building Standards Board for at least 10 years. A productive working relationship has developed during that time.

### **3. Importance of Australian Standards and Joint Standards**

The New Zealand building industry regulator is the Department of Building and Housing. They administer the Building Act 2004 which is the principal statute governing the standard of construction in New Zealand. The Act is given effect via a Building Code which directly or indirectly references numerous Australian Standards (AS), joint Australian and New Zealand Standards (AS/NZS), and New Zealand Standards (NZS).

In the area of building controls there are approximately 300 Australian or joint Australia/New Zealand Standards which are used on a regular basis here in New Zealand. Many of these are directly or indirectly referenced through New Zealand building regulations.

The building regulatory framework in New Zealand could not operate without close co-operation with Standards Australia and the Australian industry. The referencing of Australian and joint standards in NZ regulations means that a substantial body of our domestic regulatory control relies on the frameworks and approaches adopted in Australia.

The adoption of Australian standards in New Zealand, and the development of joint standards between the two countries reflect the similar nature of construction – particularly in the area of light timber framed residential housing.

#### **4. Funding for Building Standards Development**

One issue that affects both Standards Australia and Standards New Zealand is the model used for funding Standards development. In large part the development of building standards relies on the voluntary contribution of industry time and expertise. Standards Australia income is primarily generated from the sale of standards documents developed with the assistance of industry experts who contribute their time to develop documents on a voluntary basis.

The construction industry in both countries makes a significant financial contribution to standards development. Analysing data for the 2005 calendar year as it affects Standards New Zealand, 11 building related committees met through the year and a total of 336 person days were utilized through Committee meetings (ie. this does not include any information on how much effort the members put in to the projects in preparation for committee meetings.)

In addition 8 industry advisory meetings involving approximately 72 person days were also conducted for Fire, Building Sector Board, Design & Construction, Piping & Plumbing and Timber. Numerous other meetings occur for standards planning which often goes unrecognized in official statistics.

An even greater voluntary contribution of resources might be expected from the Australian building industry where significantly more standards are registered on the Standards Australia framework. The Commission has previously expressed its concern at the voluntary and unpaid nature of participation on technical committees (PC 2006).

The Commission might again like to consider whether an alternative funding model is appropriate for funding industry participation, particularly for Standards which are of a public good nature.

#### **5. Funding for Standards Australia**

We note that Standards Australia receives \$2.1 million a year from the Australian government for Standards development work. This money is spent exclusively in the development of international standards and capacity building in the Asia Pacific region. In our view this funding is an essential resource for Standards Australia. It allows participation in a range of international standards fora which would not occur if industry were required to fund the activity.

The issue of course arises as to whether this level of funding is adequate for the work being undertaken. Standards New Zealand operated on a budget of \$8.2m in the 2005 year. With an Australian economy five times the size of New Zealand, one might have expected Standards Australia to be an organisation with considerably more resources, particularly since it must operate under a Federal system. The size and economic importance of Australia in the Asia Pacific region is arguably greater than that of New Zealand.

We submit that the Productivity Commission should examine whether the Government funding of Standards Australia is adequate in the current climate for it to adequately discharge its responsibilities in the area of international standardization.

#### **6. Standards and Conformance Review**

The Commission should be aware that the New Zealand Government, through the Ministry of Economic Development, is undertaking a review of standards and conformance issues in New Zealand. This review commenced with an external consultant meeting with CIC representatives at least a year ago. The consultant's external review has now been received by MED. The Council understands that MED will reporting back to Ministers by 30 June 2006.

The Commission may like to contact the Ministry of Economic Development to discuss the nature of that review and whether there are common issues relevant to your investigations.

John Pfahlert  
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NZ Construction Industry Council