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Tēnā koe Oliver,

MARKET STUDY INTO RESIDENTIAL BUILDING SUPPLIES

- 1 The Commission's draft report mentions James Hardie and fibre cement products at times in its discussion of industry structure, challenges and opportunities.
- 2 In the circumstances we thought it useful to make a couple of observations and record that we are happy to assist the Commission where we can.

Exterior and interior applications

- 3 May we begin by noting that fibre cement is used across various applications in residential construction:
 - 3.1 **Eaves and soffits:** In New Zealand eaves and soffits are made from fibre cement or timber materials. We observe that, in this category, specifiers identify either a generic fibre cement solution or one by brand. Either way, on fibre cement we see flat sheet products available to the market via a number of imported routes including: James Hardie (Australia); IBS (KalsiFlex, Indonesia); BGC/TPI (DuraSheet, Thailand); CSR (Cemintel®, Australia); Premier Building Products (generic sheet product); Pacific Building Supplies (Shera board, Thailand); Fibre Cement Solutions (Eterpan, Malaysia) Hume Pine (PRIMAflex, Malaysia) and IWD (SuperFlex, Singapore)
 - 3.2 **Exterior cladding:** Fibre cement has been an exterior construction component for decades in New Zealand. But it does not occupy the largest share of wall with multiple options and materials available and specified in this space from timber and brick through to steel, aluminium, AAC (autoclaved, aerated concrete), tile slab, block, glass, composite and PVC.
 - 3.3 **Interior wall linings:** Non-decorative applications are commonly specified as plasterboard. Fibre cement can be and is specified in high performance areas where moisture, fire or high-traffic are considerations. For these areas our *Villaboard™* lining and other imported fibre cement products can be options for home owners as alternatives to specialized plasterboard products e.g. GIB® Toughline and Aqualine.
 - 3.4 **Flooring:** With flooring, home owners have many options catering for a wide variety of designs. Most structural flooring is timber based. We do offer *Secura™* flooring, a fibre cement product which competes with timber-based alternatives.

4 At James Hardie we have invested heavily in research and development to produce high performance fibre cement products designed to stand up to New Zealand's harsh conditions. However, in all applications we face stiff rivalry from other imported fibre cement suppliers and a vast array of material alternatives. We would be happy to offer further comment or detail if useful at any stage.

Appraisals

5 Beyond fibre cement, we wish to touch briefly on third party appraisals ("TPAs").

6 We acknowledge that TPAs is a tricky area and warrants further Commerce Commission attention.

7 TPAs are currently a fundamental structural feature of the New Zealand residential building sector. They have become entrenched by product liability litigation and concerns which have driven designers, builders and building consent authorities ("BCAs") to take a conservative risk adverse approach to Building Code compliance.

8 Against that context, we observe that third party certification like BRANZ and CodeMark appraisals increase public confidence in product performance and speed up consenting and construction processes, thereby lowering project cost to the consumer.

9 That said, we can see how TPAs can complicate market entry for those wishing to offer new products in New Zealand.

10 At James Hardie we are comfortable not having TPAs for some products and do not believe they necessarily contribute to better product quality. But again we accept TPAs are an established feature in the industry for well-known reasons.

11 In the result we support work on designing and delivering an efficient and robust building products assurance regime.

12 We would also suggest and support work on optimising building regulation like, for example, fire safety rules, to make them more accessible. Doing so could allow BCAs and others to better understand product compliance lowering entry barriers to new manufactures and importers alike.

Ngā mihi nui,

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