

# Elephant

## Plasterboard

Elephant Plasterboard (NZ) Ltd

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16<sup>th</sup> October 2022

**Oliver Meech**

Manager, Residential Building Supplies Market Study  
Commerce Commission | *Te Komihana Tauhokohoko*  
44 The Terrace | PO Box 2351 | Wellington 6140 | New Zealand

Dear Oliver,

Please see below the final submission from Elephant Plasterboard (NZ) Ltd in response to the Commerce Commission Residential Building Supplies Market Study, draft report, dated 4 August.

**Background**

Elephant Plasterboard (NZ) Ltd has been servicing the New Zealand plasterboard market for 34 years. As such we believe we are in a strong position to provide both valuable insight into factors that affect competition for the supply or acquisition of key building supplies used to build the major components of residential buildings and we can provide productive recommendations.

**Review & Observations**

After reviewing the Commerce Commission Residential Building Supplies Market Study and attending the Commerce Commission conference held from Tuesday 27 to Thursday 29 September, we offer the following feedback and recommendations:

**A: Removing the use of quantity-forcing rebates in the “Supplier to Merchant” & “Supplier to Builder” engagement.**

We support draft recommendation 7 in regard to removing quantity forcing rebates for “Supplier to Merchant” and “Supplier to Builder” engagement. On numerous occasions Elephant Plasterboard sales representatives have been advised by both merchant buyers and builders that even though they would prefer to order Elephant Plasterboard for particular applications or projects, they couldn’t as it would jeopardise their ability to meet quantity forced rebate targets set by the dominant supplier.

Further to the “supplier to builder” rebate or discounts, medium to large housing companies are offered discount prices or rebates from large dominant suppliers and these are often based or conditional upon on full 100% loyalty to the dominant suppliers. If a housing company wants to share supply 80%/20% for example, the dominant supplier may not provide a flat rebate or flat discount on their portion, therefore ‘forcing’ the housing company to put all their eggs in one basket. Mechanisms such as rebates and kickbacks can be held back if they are not 100% or even say 90% loyal to the dominant supplier.

**A: Recommendation:**

We recommend the removal of quantity-forcing rebates and discounts from “Supplier to Merchant” and “Supplier to Builder”, as this will create a more level playing field that supports a fairer more competitive marketplace.

STRENGTH WITH STYLE

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## **B: Product Specification at Design & Consent Stage. Allow at least two products systems options**

### **Recommendation:**

We believe there should be the option to specify two different products (or product systems) of the same product type e.g. plasterboard, on a plan at design/consent stage.

This ultimately would achieve real choice for the builder and without any of the present onerous compliance costs and compliance complexities and other hurdles as mentioned in the report.

Currently, specification of a product or system, falls into two main methodologies.

#### **1. Generic, for example “Use R2.2 glass wool insulation”**

The builder can install any glass wool insulation that has a performance of R2.2. There seems to be no compliance issues with this method. The building inspector can be satisfied at the pre-line stage that the product used is compliant.

#### **2. Brand specific, for example “R2.2 Pink Batts”**

Builders can deviate from the specific brand, however currently this still requires, at the very least a Minor Variation form signed to satisfy council that the owner or ‘authorised agent’ has approved the change in brand for some suppliers. This disincentivises the builder from substituting, as it creates more paperwork for little gain.

Currently it is unclear if a specifier can offer two options, for example: “R2.2 Pink Batts or R2.2 Bradford Gold Batts”. There needs to be consistency and clarity for specifiers.

### **Practical Application for Plasterboard (where two brands are specified at design/consent stage)**

#### **1. Bracing**

Use a generic “code” e.g. DS-N which means either brand A or B can be installed, and the performance and bracing contribution is provided by the lowest performing brand.  
(See attached “SwitchBrace” publication which details how this would work.)

There could be any number of “combined” systems. The specifier can choose which one. But ultimate result will be choice at lining stage.

The builder can flip a coin as to which brand, they want to use. As the structural performance provided by the lower performer has been used in the structural calculations. So, there is no risk of getting the bracing wrong.

#### **2. Fire & Noise Control**

Where an inter-tenancy wall requires a STC of 55+ and fire rating 60 minutes  
The plan could state the following when referencing a fire wall section:

GBTLA60a or E4TLA60

Again, the builder could use any one of 2 brands at time of lining. Without incurring compliance issues.

The builder could still choose a 3<sup>rd</sup> branded fire system. And what they face would be no different than the current situation. Still achievable to substitute, just a bit more onerous.

### **C: The Design and Consent Process need a register or centralised resource of approved systems**

Currently it is much easier for a specifier to specify a product or system from a known dominant supplier than to specify a product or system from a lesser-known supplier, even though the lesser-known supplier has demonstrated a path to compliance, many times.

#### **Recommendation:**

When a BCA approves for example, an Elephant Plasterboard fire system code, then that should be stored in a central register that enables any other specifier, builder, BCA processor or inspector to use and accept the same code. They can all access the register at any time to see if a system code is listed and accept that the path to compliance has been satisfied in the past. All specifiers, builders, BCA processors and inspectors should then automatically accept the system code.

If a system code is not in the register, then it is no different than the current process whereby a supplier must provide the documentary evidence of their producer statement. Once that has been accepted, then that system also enters the register.

A third brand could still be chosen, but that would be no different from the current scenario where just one brand is specifically specified at consent.

For path to compliance, the GIB Plasterboard Fire systems seem to automatically pass or be accepted during consent processing due to 'familiarity'.

The second option, in this case an Elephant Plasterboard Fire system, should also automatically pass due to the fact that Elephant Plasterboard Fire systems have demonstrated their path to compliance and have been used successfully for over 34 years.

There are inconsistencies, James Hardie fire systems are automatically accepted despite not being BRANZ Appraised.

#### **Recommendation:**

A compliant products and systems national register should be created that all BCAs can easily access and readily accept all the products and systems registered. This register does not need to be overly complex from the outset, as it should focus initially on the handful of products and systems currently causing delays in the construction industry supply chain, e.g., plasterboard etc.

### **D: Substituting After Consent, Use simple table references of code changes**

Currently there is often significant work in substituting a product or system after consent. BCA's often require every and each reference to the original product e.g. Gib and changed on the plan to Elephant

#### **Recommendation:**

There should be no requirement to change every entry on a plan, just the table.

For bracing

EG: All ES-N changed to GS1-N  
EM-H changed to BL1-H

Or a table for fire

'All references to ....

E1FC30 change to GBFC30  
E4TDLA60 changed to GBTLA60b

During construction the builder simply refers to the change table and so does the inspector.

This is included in the property file, so years later it is simple to understand what happened and what product or system has been installed.

This simple table change mechanism, would eliminate the need for the builder to reengage specifiers and designers etc which is costly and time consuming.

### **E: Remove Non-Competitive Exclusivity Actions**

Some merchants are unable to merchandise other brands in store that compete with a dominant supplier's brand through fear of losing the rights to sell the dominant supplier's brand or more likely affect their rebate or financial reward from the dominant player.

### **Recommendation:**

Disallow sales tactics that prevent merchants from merchandising smaller brands instore that compete with dominant suppliers

### **F: Exclusive or dominant Industry Association Sponsorship:**

Many dominant suppliers sponsor industry associations with exclusive clauses written into the sponsorship agreements, preventing smaller suppliers from being able to sponsor said associations. This enables the dominant suppliers to influence the association's members, both directly and indirectly, coercing them into selecting and or specifying the dominant suppliers' products.

Below is a non-exhaustive list of GIB sponsorship across the building industry:

• The Acoustical Society of NZ:	Gold Sponsor
• Architectural Designers of NZ (ADNZ):	Principal Partner
• The Association of Wall & Ceiling Industries.	Principal Sponsor
• Building Officials Institute of NZ (BOINZ):	<b>Gold Partner</b>
• The Building Skills Maintenance Organisation:	Silver Sponsor
• Design Experience' (Part of CMS):	Key Sponsor
• Fire Protection Association of NZ:	Platinum Member
• The Institution of Fire Engineers:	Platinum Conference Sponsor
• Master Builders House of the Year Awards:	Sponsor Family
• National Association of Steel Housing. (NASH):	Key Sponsor
• The NZ Building Industry Awards:	Key Sponsor
• NZ Certified Builders (NZCB):	Strategic Partner
• The NZ Commercial Projects Awards:	Key Category Sponsor
• NZ Institute of Architects (NZIA):	Conference: Gold sponsor
• NZ Institute of Architects (NZIA):	Silver Sponsor
• The NZ Institute of Building Surveyors:	Gold Sponsor
• NZ Institute of Building:	National Partner
• The NZ Institute of Quantity Surveyors:	Platinum Sponsor
• Offsite NZ:	Key Partner
• The Tile Association of NZ:	Premier Sponsor
• The Waterproof Membrane Association:	Sponsor of the Code of Practice paper

Of particular concern is the BOINZ sponsorship, which could influence building officials' acceptance of competitive plasterboard brands, or the ease to substitute or specify a competitive brand.

See BOINZ website [www.BOINZ.org.nz](http://www.BOINZ.org.nz)  
and BOINZ [Membership Benefits \(boinz.org.nz\)](http://boinz.org.nz)

Excerpt from BOINZ Membership Benefits:

- *Access to professional information and publications*
- *Branch Meetings are held regularly and involve technical presentations, training workshops, site visits and networking opportunities*
- *Regular E-News Updates keep members up to date about the latest industry developments*
- *Straight Up Magazine (quarterly) is designed with building control professionals in mind*
- *BOINZ Website publishes news and media releases and is member's access to resources*
- *Technical Discussion Forum - a place where members can connect with other members, ask questions and share ideas and knowledge. The 'Winstones Wallboards Technical Help' thread is monitored by GIB technical experts for advice at your fingertips.*

**Recommendation:**

Disallow exclusive industry association sponsorship agreements to enable smaller non-dominant suppliers to sponsor industry associations.

Disallow product suppliers from sponsoring and possibly influencing local government officials and their association BOINZ.

**G. BCA's Protecting Proprietary Systems**

BCA's seem concerned with allowing variations in components within the proprietary building system, and should be allowed to use a common-sense approach that something would actually perform.

For example, the current most common concern is the impractical RFI around acoustic performance on the GIB Barrierline Shaftline system where WWB allows just one building site at a time to use 10mm Elephant MultiSmart in place of 10mm GIB Braceline in the Barrierline system, despite both being of the same density. Making it almost impossible for builders to choose an alternative plasterboard once the GIB Barrierline is installed between two apartments.

Other manufacturers like USGBORAL have taken a practical approach and allow other brands of plasterboard of similar density to be substituted in their Shaftline system.

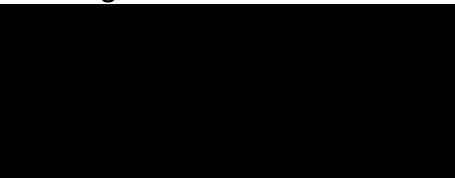
**Recommendations**

Protect BCAs and their local government officials from any legal recourse if they approve variations within a proprietary system.

Allow sufficiently qualified 3<sup>rd</sup> parties (and not just the owner of the system) to have their opinions accepted by the BCA's in regard to components changing within a system.

Please call me if you have any questions or require more detail.

**Kind Regards**



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